Austria	Sch30	Iran	Rls[illegible]	Pakistan	Rs35
Bahrain	Din0.900	Israel	Shk4.50	Philippines	Peso40
Belgium	BFr60	Italy	L2200	Poland	Zl 15,000
Cyprus	C£1.00	Jordan	JD1.20	Portugal	Esc175
Denmark	DKr15	Korea	Won 2000	Qatar	QR10.00
Egypt	E£3.50	Kuwait	Fils.500	S Arabia	SR8.00
Finland	FM8.50	Lebanon	L£1,600	Singapore	S$4.10
France	FFr8.00	Lux	LFr60	Spain	Pta175
Germany	DM3.00	Malta	45 cents	Sweden	SKr13
Greece	Dr200	Morocco	MDh10	Switz	SFr2.70
Hungary	Ft145	Neth	Fl 3.50	Thailand	Bht50
Iceland	IKr180	Nigeria	Naira15	Tunisia	Din0.800
India	Rs20	Norway	NKr13.00	Turkey	L5000
Indonesia	Rp3100	Oman	OR1.20	UAE	Dh8.00

EUROPE'S BUSINESS NEWSPAPER

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CAR INDUSTRY

Europeans left in a cloud of smoke

Page 11

World News

Croatia faces defeat by Serbian activists

Croatia's president, Franjo Tudjman, conceded that the breakaway Yugoslav republic lacked weapons to vanquish armed "Serbian terrorists" in the first public admission that defeat is possible. Mr Tudjman sacked two defence ministers and appointed Serbs in minor posts.

Three EC foreign ministers fly to Croatia today to try to arrange a ceasefire between the republic's forces and Serbian nationalists. Page 12; Milosevic tightens his grip round neighbours' throats. Page 2

Sri Lankan death toll

More than 2,000 Tamil rebels and soldiers in Sri Lanka have died in a battle that has raged for three weeks, the worst in the country's eight-year separatist war, an army official said. Page 4

ANC response

The African National Congress urged the South African government to make way for an interim administration, in its first detailed response to the Inkatha secret payments revelation. Page 4

Securities scandal

In Japan, a company headed by a son of a ruling LDP party leader emerged as a recipient of stock-loss payments made by 17 Japanese stockbroking companies. Page 12; Folksy exchange caught up in Tokyo's follies, Page 4

Employer accused

Europe's largest employer of women, the UK's National Health Service, was accused by the country's Equal Opportunities Commission of "deeply ingrained discrimination" towards 1m female workers. Page 7

Attali salary

The pay of Jacques Attali, president of the European Bank for Reconstruction and Development, has led to a fight in Washington for pay comparability among the heads of the main international financial institutions. Page 12

Cholera in Cameroon

Cholera has killed 204 in the far north of Cameroon, state radio reported. The epidemic in west and central Africa has killed 3,000 since May.

UK immigrant fines

Britain doubled fines on airlines flying in migrants without proper documents to £2,000 ($3,400) per person.

Seawolf delayed

Serious cracks have been found in the US Navy's first billion-dollar Seawolf attack submarine. The project will be delayed for at least a year beyond the planned 1995 delivery date, the Pentagon said.

Korean nuclear move

South Korea said for the first time it would consider talks with North Korea on nuclear non-proliferation but insisted that Pyongyang accept full international inspection of its nuclear plants.

Shuttle delay

The US space agency Nasa postponed the launch of the shuttle Atlantis for at least a day because of bad weather.

Business Summary

France to float stake in top lender Crédit Local

France moved further away from its opposition to privatisation by authorising a stock market flotation for Crédit Local de France, the country's market leader in local government finance.

Mr Pierre Bérégovoy, the finance minister, agreed to float 25 per cent of Crédit Local on the market, probably in November. The state will sell part of the 47.5 per cent it holds directly and indirectly in Crédit Local. Page 13

PHILIPS, Dutch electronics group which ran up heavy losses last year, reported a second quarter of strong profits recovery despite a further sharp reverse in its key consumer electronics division. Page 13

KOITO Manufacturing, Japanese car parts maker, discovered that a Swedish investor, Carlson Investment Management, is likely to become its largest shareholder. Page 13

DEUTSCHE BANK, Germany's *biggest bank, reported a 15.6* per cent increase to DM3.16bn ($1.8bn) in first half total operating profits thanks largely to strong balance sheet growth combined with an improved performance in own account securities trading. Page 13

BARCLAYS, UK's largest banking group, displayed the scars of recession by reporting a 37 per cent fall in interim profits, and leaving its dividend unchanged. Page 13

CONTINENTAL, German tyre group, has sold its 12.5 per cent stake in Kwik Fit, which has a UK chain of 600 tyre and exhaust fitting centres. Kwik Fit shares fell 3p to 128p when the 21.15m shares were placed at 125p each, valuing the stake at £26.4m. Page 18

BT, UK telecommunications company, unveiled sweeping changes in its pricing formula including discounting for high volume customers and reductions of nearly 20 per cent on selected international routes. Overall, BT's prices will fall by nearly 7 per cent less than inflation. Page 7

BANKAMERICA, California's largest bank, agreed to acquire Valley Capital, the second largest banking business in Nevada, for about $400m in stock. Page 15

SMITHS INDUSTRIES, aerospace and medical systems group, expanded its general industrial activities in the US through the $56m purchase of one of the leading manufacturers of hoses, pipes and flexible ducting. Page 18

GERMANY'S total of new public sector debt in the current year will top DM200bn ($114bn) according to a Finance Ministry internal memorandum. Page 2

YUGOSLAVIA: Bank representatives from Slovenia issued a strong plea to European politicians and banks to resume normal banking transactions. Page 2

AMERICAN Insurance Group posted a 9 per cent rise in second quarter net income to $401m, or $1.88 a share, against $367.9m, or $1.78, in the 1990 period. Revenues rose 8 per cent to $4.1bn from $3.8bn a year earlier. Page 15

Bush warns republics against 'local despots'

By Lionel Barber and Chrystia Freeland in Kiev

US president George Bush delivered a blunt warning yesterday to Soviet republics seeking independence from Moscow, declaring that the US would not support any leaders promoting "a suicidal nationalism".

In a speech to the Ukraine parliament, Mr Bush threw his weight behind President Mikhail Gorbachev's draft of a new Union Treaty offering greater autonomy to Soviet republics.

Just before he delivered his address, a crowd of more than 1,000 demonstrators carrying placards demanding independence for the Ukraine gathered in the streets of Kiev.

Mr Bush said the so-called "nine-plus-one" draft treaty offered greater autonomy and greater voluntary political and economic ties between the republics and the centre in Moscow.

In his speech, which followed this week's Moscow summit with Mr Gorbachev, the US president praised the Soviet leader for his "astonishing" achievements, including his policies of glasnost, perestroika and democratisation.

Mr Bush dismissed critics who said he should choose between supporting Mr Gorbachev and independence-minded leaders in the Soviet Union, such as Mr Boris Yeltsin, the recently elected leader of the Russian Republic. "I consider this a false choice."

"We will maintain the strongest possible relationship with the Soviet government of President Gorbachev," he said, while pledging "improved relations" with the republics.

"Americans will not support those who seek independence in order to replace a far-off tyranny with a local despotism. They will not aid those who promote a suicidal nationalism based upon ethnic hatred," said Mr Bush.

His warning carried special resonance in the Ukraine, the republic often called the "bread-basket" of the Soviet Union, whose 52m-strong population includes ethnic minorities such as Jews, Russians, Ukrainians and Bulgars.

The Ukraine has approved in principle the nine-plus-one draft agreement. But in recent months, Mr Leonid Kravuchuk, the republic's Communist president, has raised objections, partly in an effort to neutralise its resurgent nationalist movement.

Mr Bush implicitly criticised calls in the Ukrainian parliament to introduce a separate currency and customs regime. Some Soviet cities and regions had recently engaged in ruinous trade wars, he said. "Isolation and protectionism doom its practitioners to degradation and want."

Ukrainian reaction to Mr Bush's pro-union message was mixed. Mr Ivan Drach, head of the Rukh nationalist party, said: "Mr Bush came to some extent as a messenger for the union treaty. He spoke to us as to negroes in Africa about the elementary politics and economics."

Unlike the Baltic republics and the Caucasus, the Ukraine has not opted for full independence, but it alone of the nine republics which participated in negotiations to form a renewed federation has not yet approved the Union Treaty.

Mr Viacheslav Chornovil, a former dissident who is now head of Lvov province in radical western Ukraine, said: "He came here as a messenger of the censor, to pressure us. His speech was also a bit untactful, describing to us the ABCs of democracy." Mr Bush's speech was most warmly received by the parliamentary leader of the Communist party of the Ukraine. "He spoke like a dialectitian, like a true Marxist," said Mr Oleksandr Moroz.

Homage at Babi Yar, Page 2

Shamir leaves question of Palestinian involvement unresolved

Israel ready to join peace talks – with conditions

By Victor Mallet in Jerusalem

MR Yitzhak Shamir, the Israeli prime minister, yesterday gave his government's conditional agreement to attend a Middle East peace conference sponsored by the US and the Soviet Union in October. But he left unresolved the argument about who will represent the Palestinians.

He made the announcement after meeting Mr James Baker, the US secretary of state, who is now on his sixth peace mission to the region since the Gulf war.

"Since its establishment Israel has sought peace with its neighbours," Mr Shamir said. "We have therefore expressed our readiness to enter peace negotiations in accordance with the US proposal – subject to a satisfactory solution of the issue of Palestinian Arab representation in the Jordanian-Palestinian delegation – and I will recommend to our cabinet to approve the proposal."

US president George Bush and Mr Baker, mindful of Israel's conditions, conceded that some work remained to be done before a conference could convene in October, but they welcomed the Israeli decision. Mr Baker described Mr Shamir's announcement as "extraordinarily positive and significant".

Mr Baker said: "I think that the prospect of Arab-Israeli peace discussions are no longer simply a dream."

It was fitting, he said, that talks about Middle East peace should be taking place on the eve of today's anniversary of the Iraqi invasion of Kuwait because aggression had been defeated and moderation given a chance to bloom.

Mr Baker is due to have talks with Palestinian representatives today before going to Jordan and north Africa. He is making the best of what Mr Bush and Soviet president Mikhail Gorbachev described at this week's Moscow summit as "an historic opportunity to secure a just and enduring peace in the Middle East".

The conference has been made possible by Syria's promise to attend and negotiate with Israel face-to-face after years of hostility, but Israel and the Palestinians are both digging in their heels over the composition of the Palestinian delegation.

Continued on Page 12

Editorial Comment, Page 10

A Palestinian boy is taken away by an Israeli border policeman for questioning after a stone-throwing incident yesterday in an east Jerusalem street. He was later released

Bank 'sought software to hide salary payments'

By Stephen Fidler in London

THE London headquarters of Bank of Credit and Commerce International was as long ago as 1981 seeking computer software that would hide salary payments to executives from the UK tax authorities and allow the creation of a secret set of accounts.

The disclosure, by a former employee of a company asked to provide the software, suggests that the creation of a "bank within a bank" at BCCI may have occurred a decade or more ago.

According to the employee, the bank was looking for software which would provide a public payroll and set of accounts, together with their secret counterparts in a section of the computer accessible only to a few people aware of its existence.

The computer company was Comshare, based in Great Peter Street, London. In the event, Comshare did not provide the software and it is not clear whether BCCI was able to buy similar software from another company.

The staff of Comshare has almost entirely turned over since then, and officials at Comshare were yesterday unable to confirm the BCCI request. However, they said their customer lists showed BCCI had never been a client.

In a co-ordinated move with other regulatory authorities around the world, the Bank of England closed BCCI in the UK on July 5. Mr Leigh-Pemberton said subsequently that "The culture of the bank is criminal."

The BCCI shutdown, Page 6

Saudis, Kuwaitis still owe $7.5bn for Gulf war costs

By Peter Riddell, US Editor, in Washington

SAUDI ARABIA and Kuwait still owe the US a total of $7.5bn for their share of the costs of the Gulf war, according to figures released by Mr Richard Darman, the US budget director.

There was continuing diplomatic pressure on Saudi Arabia and Kuwait to pay more rapidly, although the US recognised their considerable economic problems, he said.

Mr Darman told the House ways and means committee late on Wednesday that the extra costs of the operation were expected to total $61bn.

Foreign commitments total $54bn, of which about 85 per cent, or more than $46bn, has been received in the largest exercise in burden-sharing ever conducted. Almost $41bn has been in cash and the rest in payments in kind, such as supplies and military equipment.

If the foreign commitments are paid in full, it leaves a net incremental cost to the US of about $7bn, but some of that may be absorbed within the existing defence budget.

Although some Congressional watchdogs such as the General Accounting Office have claimed that a cost of $61bn is an overestimate, and includes some normal defence expenditure, Mr Darman has insisted that the US is not going to "make money" out of the operation.

Many of the foreign contributions have been paid ahead of expenditure being incurred on, for example, replacing lost equipment or used ammunition.

The net effect of the Gulf operation on the budget deficit therefore is likely to be favourable by $33bn in the current fiscal year, before being a negative $12bn in the fiscal year starting in October.

Overall, Mr Darman said, the net impact would be less than $15bn to the bad. This is roughly 5 per cent of both the annual deficit and the defence budget.

About 96 per cent of the outstanding payments is due from Saudi Arabia and Kuwait, which have so far contributed $12.7bn and $12.5bn respectively.

The remaining 4 per cent relates mainly to accounting adjustments over valuations of in-kind payments.

The US is seeking payment in full while trying to defuse continuing Congressional irritation at suggestions that some countries have been dragging their feet and not fulfilling their pledges. Several legislative proposals have been put forward authorising increased import duties on products from countries which did not fulfil their pledges.

Several Congressmen have complained about what Mr Darman called a "difference of understanding" between the US and Japan over the $9bn promised by Tokyo for 1991.

The US believed the whole

Continued on Page 12

Editorial Comment, Page 10

Weekend FT

Tomorrow: all you need to read on huntin', shootin' and fishin' before the Glorious Twelfth

●

Your children's first *financial steps*

CONTENTS

Milosevic's ruthless route to a greater Serbia

Serbian president Slobodan Milosevic is waging war against Croatia and working to destabilise the central republic of Bosnia Hercegovina. But when the time comes for negotiation, he will play the role of peacemaker

Page 2

MARKETS

STERLING
New York lunchtime:
$1.67315
London:
$1.674 (1.685)
DM2.9425 (2.94)
FFr9.9975 (10)
SFr2.57 (2.57)
Y230.5 (231.5)
£ index 90.8 (90.9)

GOLD
New York: Comex Aug
$363.2 (363.7)
London:
$363.5 (363)

N SEA OIL (Argus)
Brent Sep
$19.775 (19.675)

Chief price changes yesterday: Page 13

DOLLAR
New York lunchtime:
DM1.7583
FFr5.9755
SFr1.5355
Y137.7
London:
DM1.758 (1.745)
FFr5.9725 (5.935)
SFr1.535 (1.525)
Y137.65 (137.35)
$ index 66.9 (66.8)
Tokyo close: Y137.2

US lunchtime rates
Fed Funds: $5\frac{13}{16}$%
3-mo Treasury Bills:
5.71%
Long Bond:
$97\frac{3}{32}$
yield: 8.38%

STOCK INDICES
FT-SE 100:
2,591.7 (+2.9)
FT Ordinary:
2,006.7 (+2.8)
FT-A All-Share:
1,237.31 (+0.1%)
New York:
DJ Ind. Av.
3,011.63 (-13.19)
S&P Comp
386.62 (-1.19)
Tokyo: Nikkei
24,072.73 (-48.02)

LONDON MONEY
3-month Interbank:
$11\frac{1}{32}$% ($11\frac{3}{32}$)
Liffe long gilt future:
Sep $92\frac{11}{32}$ ($92\frac{9}{32}$)

EUROPEAN NEWS

Slovenia makes strong plea to western banks

By Andrew Fisher in Frankfurt

BANK REPRESENTATIVES from Slovenia, the Yugoslavian republic with the closest economic ties to the west, yesterday issued a strong plea to European politicians and banks to resume normal banking transactions and prevent an eventual industrial collapse.

"I fear that our friends, through their behaviour, will cause much more damage than the tanks," Mr Anton Slapernik, head of Ljubljanska Banka, the republic's biggest commercial bank, told a news conference.

He said later that this statement referred to European Community politicians, whose stance towards Yugoslavia had led export guarantee organisations to include Slovenia in the same high risk category as the whole country. This had caused banks to stop making deposits and granting short-term credits to maintain normal trade.

"Political risk is very important for banks," he added. "But the risk in Slovenia is a normal one." Mr Slapernik was in Frankfurt with a Slovenian banking delegation, which held talks with around 20 German banks yesterday. The team also spoke to government officials in Bonn. Germany is Slovenia's biggest trading partner.

Mr Metod Rotar, the former head of the bank and now its special adviser, said Ljubljanska had met all its financial obligations. But, since May, normal bank dealings with the west had dried up. "We are not asking for more loans. Our request [to the banks] is that you should please do business with us in the same way that you did before".

The politically-induced disruption of capital flows was against the interests of banks and corporate investors, he added. More than 150 German companies, including Bayer and Hoechst in chemicals and Siemens and AEG in electrical and electronic products, had invested in Slovenia.

The Slovenian bankers said their call for the resumption of normal banking links was also aimed at Italy, Austria, Switzerland, France, and the US. Mr Slapernik hoped EC foreign ministers would act quickly to persuade export credit guarantee organisations to lower Slovenia's risk rating. "They are afraid this would be seen as (political) recognition of Slovenia," he said.

The present situation aroused fears that Slovenia's industry would not be able to keep going, he said. "If you can't import machinery or computers, you can't continue producing and then you have to stop. This is bad for our economy and our foreign partners". Slovenia's banking system was liquid, which was not true of other parts of Yugoslavia.

Milosevic tightens his grip round neighbours' throats

Serbia's leader has designs not just on Croatia but on Bosnia too, writes **Judy Dempsey**, East Europe Correspondent

SERBIA'S PRESIDENT, Mr Slobodan Milosevic, is edging closer towards achieving his unstated but clearly desired goal of a greater Serbia, by pursuing a ruthless war of attrition against the Croats and by destabilising the central republic of Bosnia-Hercegovina.

Croatian officials argue that, by conducting his attrition campaign in Croatia, Mr Milosevic intends to force the Croats to the negotiating table, but only once they are in a sufficiently weakened condition to accept his terms.

Bosnian officials say that by trying to form an alliance between Bosnia-Hercegovina's Serbs and tiny Movement for Bosnian Moslems (MBO), Mr Milosevic is aiming to set the three largest ethnic groups in the republic against each other.

If he is successful, officials in both republics believe he will have isolated Croatia completely, and will then be in a position to carve up Bosnia-Hercegovina – thus paving the way for the creation of a Greater Serbia.

The morale of Croatia's national guard is ebbing rapidly. The young troops are poorly-armed, badly-trained, and in no position to defend Croat-inhabited villages from heavily-armed Serbs, who have been preparing for this conflict for months.

Thousands of Croat refugees are now leaving their villages, which are then taken over by Serbs. Yesterday, many distraught peasants arrived in Zagreb, the republic's capital, demanding more weapons, and revenge against the Serbs.

These developments have created serious political problems for Mr Franjo Tudjman, Croatia's president. His advisers say he is no position to send more troops to defend the villages, despite his rhetoric. At the same time, they add, he is under pressure from the far-right wing of the governing Croatian Democratic Union (HDZ) for being too moderate. Even if Mr Tudjman wanted to negotiate with Mr Milosevic, his critics might be tempted to seek his resignation.

For these reasons, Mr Milosevic is prepared to watch as Serb nationalists create havoc in Croatia. He will negotiate once the government there acknowledges defeat.

Some Croats believe the only honourable way out would be intervention by the European Community. But for the moment that is not on the agenda.

As the Croats are gradually worn down, Mr Milosevic has also stepped up the pressure in Bosnia-Hercegovina, whose population of 4.3m is divided between Moslems (2.2m), Serbs (1.2m) and Croats (760,000). Through his loyal supporter, Mr Radovan Karadzic, head of the Serbian Democratic Party in Bosnia-Hercegovina, he has attempted to sow divisions between Moslems, Serbs, and Croats.

Apart from Mr Karadzic and his supporters, these three ethnic groups are determined to prevent either Mr Tudjman or Mr Milosevic from carving up the republic as a means of resolving their ethnic disputes in Croatia.

But over the past two weeks, in an attempt to further isolate the Croats, Mr Milosevic opened talks with the leaders of the MBO, which is led by Mr Adil Zufilkarpasic and which has only two seats in the republic's 240-strong parliament. "We will not allow Mr Tudjman to split Bosnia-Hercegovina," Mr Zufilkarpasic said yesterday. "So we entered into negotiations with Mr Milosevic. We met him in Belgrade on July 17 and 20. He assured us that he would not break up the republic".

Despite Mr Milosevic's previous poor record of keeping promises, Mr Zufilkarpasic, who less than a month ago was an ardent critic of the Serbian president, added: "I trust Milosevic. Serbs and Moslems must co-operate. Mr Milosevic said he would never allow anything to happen to Bosnia-Hercegovina."

The talks have been condemned by the Party for Democratic Action (SDA), the largest political party, with 86 seats in parliament and which represents the majority of the republic's Moslems. "The MBO has no authority to negotiate with Milosevic," says Mr Rusmir Mahmutcehajic, who is Bosnia-Hercegovina's deputy prime minister. "We want a dialogue, but it must include all three ethnic groups. Milosevic and Karadzic's SDS are trying to split the Moslem community, weaken us, and set us against the Croats. We reject the negotiations."

This view is echoed by Mr Ivan Markesic, general secretary of the Croatian Democratic Union in Bosnia-Hercegovina: "The MBO are being used by Milosevic. They want to increase their influence in the republic. They want to weaken the SDA and cause divisions among the Moslems."

Undermining the fragile coalition in Bosnia-Hercegovina is crucial for Mr Milosevic's attempts at isolating Croatia and his goal of attaining a Greater Serbia.

Bosnian officials believe that by trying to woo the Moslems over to the side of the Serbs, Mr Milosevic hopes to carve a corridor in north-western Bosnia-Hercegovina to link the ethnic Serbs in Krajina in southern Croatia with Serbia proper. "Only then will Milosevic negotiate," said an official. "He will then appear as the great peacemaker."

Yugoslav strife hits Greek exports

GREEK exporters say transport costs have soared since May because they can no longer risk sending goods to western Europe by road through Yugoslavia, writes Kerin Hope in Athens.

The roads are considered safe from the Greek border as far as Belgrade. From there, the main route is through Hungary and Austria, which recently provided additional transit permits for Greek trucks.

The alternative route is by ferry from a western Greek port to Italy. Extra ferries are operating, but there are problems in loading large numbers of TIR trucks quickly at smaller harbours such as Igoumenitsa and Preveza.

Whichever route is chosen, it now takes 16 hours longer for a Greek truck to reach Germany, the main export market, and costs 30-50 per cent more than on the direct road through Yugoslavia .

Hardest hit are the fruit and vegetable exporters, who compete fiercely in German markets with Spanish and French producers.

"This year, our summer fruit exports will be at least 40 per cent down, mainly because fewer growers are interested in exporting at such a high cost," says Mr Costas Karagiorgas, president of the Fruit Exporters' Association. "It now costs an exporter Dr600,000 (£1,870) for one run to Munich with a 20-tonne refrigerator truck."

He said that some truckers were still willing to attempt the drive through Croatia, at the risk of a three- or four-day hold-up if they run into trouble.

"With refrigerated produce that keeps for up to three weeks, you take a calculated risk. If you lose a couple of days on the road, the produce will still sell but the price comes down."

Germany's public sector debt will top DM200bn

By David Goodhart in Bonn

GERMANY'S grand total of new public sector debt in the current year will top DM200bn (£68bn), according to a Finance Ministry internal memorandum. The memo, acquired by the news agency DPA and published yesterday , stresses, unlike the increasingly anxious Bundesbank, that such numbers are temporarily bearable and will decline swiftly.

The figure of DM200bn covers not only central government, the states and local authorities, but also the German Unity fund, servicing debts acquired from the old East German state, and the borrowings of the railways in both parts of Germany, the Bundespost and the Treuhand privatisation agency.

The more usual category for total public sector debt excludes the railways, post and Treuhand and comes to DM156.4bn for 1991. This lower figure represents 5.6 per cent of gross national product but should, according to the memo, return to the more respectable 2.5 per cent of GNP by 1995.

The Finance Ministry estimates that, excluding rail, post and Treuhand, east Germany will receive DM420bn in state support from 1990 to 1995. The gross transfer is estimated at DM93bn in the current year, DM109bn in 1992, DM105bn in 1993 and DM113bn in 1994.

Without unification the central government's new debt requirement would have been only DM26bn next year, instead of DM50bn, and in 1994 the figure would have been DM5bn instead of DM30bn.

● Industrial production in west Germany increased by 2.5 per cent in June over the previous month.

Austrians see need to step up reform of their economy

By Judy Dempsey

AUSTRIAN economists yesterday welcomed the European Community's positive view of their country's application for membership, but admitted that reform in some sectors of the economy must now be stepped up.

Mr Helmut Krammer, head of the Austrian Institute for Economic forecasting in Vienna, said two key sectors of the economy – agriculture and services – needed to be brought into line with EC norms.

"The level of our subsidies for agriculture are not significantly above the average of the EC level," Mr Krammer said. "But the problem is that we have to prepare the agricultural lobby politically for a fall in producer prices."

Subsidies to agriculture, which accounts for 4.2 per cent of total gross domestic product, last year exceeded Sch2.8bn (£136m). The sector, which employs 8 per cent of the total labour force, exerts a powerful influence on the conservative Peoples' Party (OVO), junior partner in the Socialist-led coalition government.

The government must soon take steps to cut over-production, Mr Krammer added. "We are over-producing by about 30 per cent. The surpluses include wheat, milk and meat. We need incentives to reduce these volumes, perhaps through some direct income transfers to the farming community."

The professions, like doctors, dentists, solicitors' firms, and pharmacies, were also in need of reform. Organised under the kammer, or guild system, they were uncompetitive and anxious to protect their monopolies, he said. "They will have to open the doors to foreign competition," he said. The professions accounted for 5 per cent of Austria's Sch1,900bn GDP last year.

Viennese economists expect Austria will become a net contributor to the EC budget once it gains full membership. Mr Krammer believes the figure could be about $1bn a year.

Apart from orientating the economy towards EC standards, officials at the Ministry of foreign affairs in Vienna yesterday said they now had to tackle the sensitive political question of Austria's neutrality.

An official said that its neutral status, linked to the withdrawal of Soviet troops from its territory in 1955, must be tackled. "It is a problem. We have not been innovative about defining our neutrality in the context of joining the EC, or the ending of east-west rivalry," he said.

Flying the flag: a Ukrainian woman waits for Bush in Kiev

Glasnost has its limits at site of wartime massacre

Lionel Barber reports on the US president's visit yesterday to Babi Yar where Jews were murdered in their tens of thousands

PRESIDENT George Bush yesterday paid homage to the victims of Babi Yar, a secluded setting in the Kiev woods where Nazi soldiers massacred more than 100,000 people.

After laying a wreath at the giant iron monument, which depicts men, women and children comforting each other in the moments before death, Mr Bush delivered a brief but moving speech in memory of the victims, most of them Jews.

The massacre at Babi Yar began on September 29, 1941. In the years since, it has become a powerful symbol for the Communist regime's failure to confront the past.

To this day, the Ukrainian authorities are reluctant to acknowledge that the majority of victims were Jews and that the local Ukrainian population assisted the Nazis in rounding them up and carrying out the killings.

Mr Bush singled out this failure to confront the past by referring to President Mikhail Gorbachev's own efforts to, in his words, promote truth in history.

The US leader recalled, too, that the Soviet poet Yevgeny Yevtushenko had first dared to restore remembrance of Babi Yar, and he quoted several lines of his poem approvingly.

During his speech, Mr Bush recalled the events of the slaughter. "Here on September 29, 1941, soldiers forced men, women and children to undergo a ritual of humiliation and death. Victims stopped first to empty their pockets and place their valuables in heaps on the ground. They moved forward to another place, where they had to remove their clothing which Nazis folded in neat piles – booty for the Führer."

Mr Bush promised never to forget Babi Yar, as he said: "The Holocaust occurred because good men and women averted their eyes from unprecedented evil."

With his voice breaking, he added: "This memorial proves that eventually the forces for good and truth will rise in triumph."

As he spoke, the audience barely stirred. Several Jewish survivors, some wearing blue skull caps, sat alongside decorated Red Army veterans who, more than 40 years ago, helped them to escape the Nazis.

One survivor was Mr David Eisenberg. He recalled how, aged 15, he was seized by the Nazis and herded with thousands of other Jews along the road to Babi Yar.

He was ordered to jump into a pit and soon afterwards the shooting began. He fell to the ground pretending to be dead and lay for three days among the corpses. He recalled how the Nazis sent dogs to sniff-out any survivors. "I bit my fingers to stop myself from screaming," he said.

Mr Leonid Kravchuk, the Communist president of the Ukraine, descibed Babi Yar as a "devil's dance of death, a misanthropic orgy".

But although he acknowledged that it was here in the valley of the Dnieper that the extermination of the Jews began in 1941, he never referred to the fact that more than 65,000 of the 100,000 people who died there in the space of 18 months were Jewish.

As one Jewish survivor pointed out, the memorial's inscription still refers only to the victims as "prisoners of war" and "inhabitants of Kiev".

Mr Kravchuk is running for office in open elections in December. A portly, tanned, reformed Communist, he could almost be a a machine politician from ethnic Chicago or Cleveland.

He managed to quote Thomas Jefferson in his speech, but the selective version of history on display at Babi Yar shows that even glasnost has its limits.

Cut-priced dacha sales stopped

By John Lloyd in Moscow

THE SOVIET cabinet yesterday moved to damp down a public outcry over the selling to members of the nomenklatura, the country's Communist elite, of luxurious state-owned country dachas at knock-down prices.

The affair is the most visible sign of the so-called "wild privatisation" now sweeping the Soviet Union, where senior officials in ministries and enterprises sell themselves, usually through specially formed co-operatives, property, shares and commodities at risible prices.

The state officially owned 559 top-notch dachas and all were originally up for sale. But the cabinet has now suspended all sales, and asked the Justice and Finance ministries to report on the sales so far. At the same time, it has decreed an investigation into the private use of military aircraft by senior officers – another abuse recently the subject of heated debates in the Supreme Soviet and the press.

The selling of the dachas, permitted under a decree passed last June by the former cabinet under Mr Nikolai Ryzhkov, the then prime minister, was presented as ending the subsidising by ministries of their senior officials' leisure. However, subsequent calculations have shown that the payments made by the officials for their dachas stood at nearly Rbs3m (£1m) below their actual cost.

Reports to the cabinet of ministers are to be made by the end of August. However, the issue is complicated by the fact that both the officials who are investigating the privatisations, and those to whom they are reporting, are among those who have been beneficiaries of the sales.

Italy set to raise age of retirement

By Haig Simonian in Milan

THE long-awaited reform of Italy's pension system, a vital step in reducing the country's spiralling budget deficit, should receive government approval today, barring last-minute objections from the Socialist party.

Under the proposals, painstakingly negotiated over the past two months, the pensionable age for both sexes will be gradually raised to 65, while pension contributions will be increased. At present, the pensionable age is 60 for men and 55 for women.

The architect of the reforms, Mr Franco Marini, the labour minister, said the moves should help bring Italy closer into line with pension spending in other European Community countries. Italy's sharply declining birth rate and longer life-expectancy meant the system would eventually break down if not reformed, he said. The increase in pensionable age for both sexes should save the state L18,000bn (£8.2bn) in current prices by 2010, he added.

It will be many years, however, until the full impact of the changes are felt. The final stage in the increase in pensionable age will only take effect in 2005 for men and 2015 for women.

Mr Marini, former secretary-general of the CISL union federation, who was brought into the government last April, has had to juggle a variety of conflicting interests to win approval for his pension package.

While some trade unionists have criticised the proposals as too harsh, spending ministers have implied that they do not go far enough. The Socialists says they should be sent back for further study.

Mr Marini said in an interview earlier this week: "It is a feasible and realistic reform, capable of reconciling all the interests involved."

Attitude to Albanian refugees softened

ITALY yesterday softened its attitude towards 10,000 Albanian refugees who arrived by boat last March, saying they would not be sent back by force, Reuter reports from Rome.

Rome had previously set a late July deadline for the Albanians to find jobs, obtain political asylum or face deportation.

Some 24,000 Albanians fled their country in March aboard ferries and makeshift rafts. Only 1,250 have been granted political asylum and 10,000 of the remainder have failed to get jobs.

Government and regional authorities meeting in Rome yesterday said the refugees should be encouraged to return home but not sent back by force, officials said.

"The only deportations will be those necessary to maintain public order," Mr Giancarlo Ruffino, junior minister at the Interior Ministry, said.

Several dozen Albanians have already been deported after being charged by Italian police over mostly minor offences, including theft of food from supermarkets.

"We'll try and push for them to go back voluntarily... There are about 10,000 Albanians to return home." Mr Ruffino said.

He said his ministry would give L18bn (£5.18m) to regional authorities to help them deal with the refugees housed in temporary camps.

During a visit by an Italian government minister last month, Albanian leaders appealed for help from the West, saying this was the best way of preventing a repeat of the March exodus.

Albanian President Ramiz Alia said the country's first multi-party government in 46 years, installed in June, needed help to ease the painful transition from a Stalinist-style planned economy to a free market.

Italy, which occupied Albania during The Second World War, has said it is ready to provide more than $40m in aid including food, medical supplies and raw materials.

Food shortages in Albania have been made worse by drought and a collapse in the organisation of state-managed agriculture.

Thin times for airlines in Europe

EUROPEAN airlines yesterday reported their most disappointing passenger figures in nearly a decade, Reuter reports from Brussels.

The 22-member Association of European Airlines (AEA) said the number of passengers carried was down 11.2 per cent in the first six months compared with the first half of last year.

"It is the first time since the last oil crisis in the early 1980s that the AEA airlines experienced such a drop in passenger growth," the Brussels-based organisation said.

It blamed the slow recovery, which also affected June traffic, on a difficult economic climate.

Traffic was volatile on north Atlantic routes, the AEA's main market. A 4 per cent recovery in May was not matched in June, when traffic dropped 9.7 per cent.

Passenger traffic in Europe was down in June by 4.9 per cent from the same month last year. This compared with 9.4 per cent in May. Traffic in Asia recovered from a 12.7 per cent fall in May to 7.6 per cent in June, it said.

Gorbachev wins Lamont's praise

By John Lloyd

MR NORMAN LAMONT, the British chancellor of the exchequer, and the first of the Group of Seven finance ministers to visit Moscow since the G7 summit in London two weeks ago, said yesterday he was "impressed by the extent to which Mr Mikhail Gorbachev is committed to the reform process".

Speaking after a 75-minute meeting with the Soviet president, he said that Mr Gorbachev had told him that the time for action had now arrived, and that he had laid out a privatisation process which would proceed in a number of different ways – in the sale of shares to workers, to individuals and to foreign companies.

The Soviet leader had told him that one way to overcome public hostility to private enterprises was for small businesses – such as shops, hairdressers and taxi businesses – to begin to serve local communities.

Mr Lamont, who represents the G7 group because of Britain's present chairmanship of it, said he was "not necessarily opposed to full membership of the International Monetary Fund" for the Soviet Union.

The Soviet government applied for full membership last month, in spite of being granted a special associate status by the Group of Seven leaders.

The British chancellor said that "the important thing is to get the Soviet Union in contact with the IMF.

There are and have been visits from IMF experts. A lot of advantages can come out of associate membership – whatever that means."

He stressed, however, that the first requirement before assistance could be given was for structural change. "It must be demonstrated that they are not just passing laws but actually implementing them".

He said that "the Soviet Union does face a very difficult situation indeed, in that it seems to me that the old command system was always going to break down, but now we're in a kind of limbo where the market has not yet started to work."

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WORLD TRADE NEWS

Seoul fights to keep ban on imports of rice

By **William Dullforce** in Geneva

SOUTH KOREA cannot open its market to rice imports whatever kind of agreement on the reform of world farm trade may emerge from the Uruguay Round trade talks, a parliamentary delegation from Seoul has told Mr Arthur Dunkel, director general of the General Agreement on Tariffs and Trade (Gatt).

Not even minimum access limiting imports to 2 or 3 per cent of domestic consumption, as proposed for Japan, would be acceptable, Mr Park Jun Byung, leader of the bipartisan delegation, said yesterday.

South Korea was among the first to reject the compromise proposed by Mr Mats Hellström, Swedish agriculture minister, at the ministerial meeting in Brussels last December.

Rejection by the European Community and Japan led to the breakdown of the meeting and stalled the international effort to liberalise trade.

Mr Park emphasised that South Korea wanted the Round to succeed and was "willing to do its duty" in all other areas under negotiation, including services trade liberalisation, tariffs reductions and removal of other import barriers.

Close to 17 per cent of the population was engaged in farming. Rice was the main source of income for 83 per cent of farmers, with rice subsidies taking 1.5 per cent of the national budget.

Dunkel: meeting resistance from Seoul delegation

But farmers enjoyed widespread support in the poorer urban areas and it was impossible for South Korean politicians to agree to open up the rice market to imports from the US or any other country.

South Korea rests its hope on securing exemption for rice on a phrase in the communique from the leaders of the seven industrialised countries after their London summit last month. An agreement on agriculture should "take into account non-trade concerns," they said.

S Korea port projects to cost $6.82bn

SOUTH KOREA yesterday announced two port construction projects, estimated to cost $6.82bn to help meet port facility shortages and keep pace with rapidly growing trade, AP/DJ reports from Seoul.

One project calls for the building of a port on the Bay of Asan on the west coast, 70 km south of Seoul, capable of handling 22.5m tonnes of cargo annually. Construction will begin in December for completion in 1994.

Officials said the project, including the construction of an industrial estate for machine and metal plants in the vicinity, will be financed with $1.85bn in government funds and $1.26bn in private funds.

The other, costing $3.71bn in government and private funds, calls for building a container port at Kwangyang Bay on the southern coast, 270 km south of Seoul. The port would be built in two stages beginning next year, with the first stage completed in 1996 and the second in the year 2000.

Argentinian clothes makers attack imports

Argentina's clothing manufacturers claim that an "avalanche" of imported second-hand clothes is wrecking their business. They say unscrupulous merchants operating in a bizarre international second-hand clothes market are exploiting Argentina's reduction in import barriers last April to dump used clothes on the local market.

They claim the clothes are sold through street markets and stalls that not only evade taxes, but sell their wares as if they were brand new. Although the clothing industry has demanded government action to block the trade, hard information on imports is hard to come by.

The customs department has no statistics and an official would only say "there are no regulations banning imports of used clothes. All we require is that they are disinfected and clearly labelled as second hand."

However, a government official said "these are winter fashions left over from last season in the northern hemisphere and marketed down here during the southern hemisphere winter."

Brazil rings the changes to telecoms market

Victoria Griffith on future foreign participation in the country's telephone sector

FOREIGN companies are poised for an invasion of Brazil's telephone market, with large chunks of the sector set to be privatised this year.

Telecommunications groups all over the world are eager to get into the Brazilian market, considered the jewel in the crown of the country's public companies.

The market has much potential. Telephone supply in Brazil drags hopelessly behind demand, and there is an estimated backlog of at least 6m telephone lines nationwide. Telphones are treated like investments in Brazil, where bustling telephone "exchanges" trade lines much as they would equities or other investments.

Speculators buy the lines then offer them on the market at a profit. Few consumers are patient enough to spend years on the government waiting list. The only other alternative is to pay exorbitant rates for lines already on the market

Even when consumers get a line, the telephone service is unreliable. Crossed lines, wrong numbers and cut-off conversations plague the system. "I don't know how many deals I've lost because I couldn't get a dial tone," said a trader at an international bank in São Paulo. According to Telebras, 25 per cent of calls placed in Brazil last year failed to be connected.

Telephone charges are high relative to other countries. An average international call costs $2.84 per minute. The state-owned Telebras consistently chalks up substantial profits. Last year's net income for the group was about $1.6bn, 82 per cent up on the previous year. "The telephone sector is badly in need of outside investment," said Mr Delson Siffert, consultant to the Brazilian electronics group Villares.

According to the Brazilian constitution, public utilities cannot be privatised so the government is finding ways of getting around that rule. For example, mobile phones will not be considered part of the regular public phone network. Supply and installation can also be contracted out. Tenders for the country's new mobile phone network should be offered over the next two months. And in some regions, the government is contracting out the construction of public telephone networks to private groups.

"It's possible that the government may eventually offer management contracts to run the whole phone system," said Mr Frank Lawson, head of a privatisation fund at Midland Bank in Brazil.

Mr Antonio Carlos Rego Gil, president of Sid Informatica, a division of the Machline group, believes the initial investment for systems installation will call for $5bn to $6bn over the next few years, and that the sector will yield at least $20bn in total annual billings by the year 2000.

"What's at stake here is the entire Brazilian telecommunications sector," said Mr Rego Gil.

TELEPHONE LINES PER HEAD OF POPULATION

Sweden	66.03	East Germany	10.57
Canada	51.20	Soviet Union	9.05
United States	49.33	South Africa	8.71
France	46.23	Argentina	8.59
West Germany	45.69	Saudi Arabia	8.34
Australia	42.82	Poland	7.81
Japan	40.73	Venezuela	7.77
Austria	39.52	Colombia	6.72
Britain	38.88	Brazil	6.29
Hong Kong	37.55	Chile	4.89
Italy	34.97	Mexico	4.55
Singapore	34.54	Cuba	3.40
Israel	32.88	Egypt	2.15
Spain	28.31	Thailand	1.83
South Korea	24.98	India	0.45
Czechoslovakia	13.60	Nigeria	0.20

Source: ITU, OECD

According to current rules, bidders for the mobile phone networks must have experience in the sector. Foreign participation is a near certainty since no domestic company fits that bill. The government has set a 49 per cent ceiling on foreign control of any joint venture in the sector to maintain constitutional legitimacy.

Foreign and domestic groups are already scrambling to pair up for the race. Four main consortia have been formed. The first is led by Globo, the Brazilian television company which controls NEC, Brazil. Favoured to win a large chunk of the market, the Globo consortium also includes Monteiro Aranha, which holds a majority share in Ericsson, Brazil; Camargo Correa, a leading Brazilian construction company; and Bradesco, the largest private sector bank in Brazil. The Italian company Stet will probably provide foreign know-how for the consortium.

Another group will be headed by US-based BellSouth, the biggest operator of mobile telephones in the world. The company will be bidding together with the Brazilian financial companies Arbi, Safra, and the radio group RBS. Brazilian-based Machline, the Brazilian electronics group is leading the third consortium, in association with the US-based telephone giant AT&T, and possibly Ameritech. And Villares together with US-based Motorola and the Brazilian bank Unibanco, will make up the fourth consortium. Villares is likely to bring in a third partner from the US.

French-based Alcatel, Canadian-based Novatel and Northern Telecom, and UK-based Cable and Wireless are also said to be in the running.

Competition for mobile telephone contracts will be fierce. "In Brazil, mobile telephones may to some extent take the place of regular telephones," said Mr Siffert of Villares.

Rio de Janeiro last year installed a mobile telephone network with capacity of 10,000 subscribers. The system, currently run by the state, will be auctioned off to the private sector later this year.

The contract for the installation of the Rio system was awarded to NEC. NEC invested $64m in the network, which was built entirely of imported materials.

Just 50 mobile telephones have been sold so far, but demand is expected to mushroom. Prices for a mobile phone line have already come down to $3,500 from $5,000. Mobile telephone networks will be auctioned off in six other metropolitan areas; São Paulo, Porto Alegre, Belo Horizonte, Curitiba and Salador.

The privatisation of the Brazilian telephone system has run into popular opposition but Brazil is in such need of outside investment and technology that even the most virulent opposition is unlikely to keep foreign companies out.

Hawke criticises US wheat sale to China

By **Emilia Tagaza** in Canberra

MR BOB HAWKE, the Australian Prime Minister, yesterday criticised the US sale of 1m tonnes of subsidised wheat to China, one of Australia's biggest wheat customers.

He said the US action was not conducive to improving bilateral relations because Australian farmers were being hurt. This is the second time the US has breached what Australia regards as an undertaking given recently not to target Australian markets with subsidised grain. In June, Australia complained about the sale of 100,000 tonnes of subsidised wheat to Kuwait.

Following representations from the Australian government, US President George Bush told Mr Hawke that "all possible care would be taken to avoid disruption" of Australia's traditional markets for unsubsidised wheat.

The issue is likely to be top of the agenda in agricultural trade talks between Australia and the US in Washington on August 12. Mr Neal Blewett, trade minister, said non-subsidising nations such as Australia could not afford to bear indirect costs of the subsidy war which had driven world wheat prices to an all-time low.

Mexico and Chile to sign free trade agreement next month

By **Damian Fraser** in Mexico City

MEXICO and Chile are to sign a free trade agreement (FTA) in September, according to a report in the Mexican government-owned newspaper EL Nacional.

The agreement, which will be the first Mexico has signed with a Latin American country, will initially fix a common tariff of 7 to 8 per cent between the two countries. The agreement will exclude Mexican oil, and Chilean sugar, cooking oil, wheat and flour.

For most products tariffs will be scrapped altogether within four years. In a few cases, not yet specified, tariffs will be removed after 10 years.

Mexico is currently negotiating FTAs with the five Central American republics and Venezuela and Colombia.

It hopes to have signed an FTA with the US by the middle of next year.

● Continuing its deterioration over the year, Mexico's trade deficit widened to $3.2bn in the first five months of 1991; excluding revenues from *maquiladora* in-bond processing plants, the deficit reached $1.5bn.

The latest figures, released by the Bank of Mexico, compare with a deficit, excluding *maquiladoras*, of $470m in the same period last year. The growing deficit mainly reflects increased imports (up 42 per cent), largely thanks to a surge in private-sector investment. Exports, compared with the first five months of 1990, rose by 15.9 per cent.

The export performance is less reassuring compared with the last five months of 1990. Total exports are down by 15 per cent, mainly because of a fall in oil prices; manufacturing exports, hurt by the US recession, have fallen by 2.7 per cent.

Australian high-tech park project launched

By **Emilia Tagaza** in Canberra

THE Australian government has launched an ambitious high technology park project to which it hopes to attract foreign companies.

Dubbed as the multi-function polis (MFP), the project has been allocated A$12m for start-up and promotional activities. The government aims to attract three core industries to the enclave, information technology and telecommunications, education, and environmental management.

A feasibility study found that about A$250m would be required to develop the project in Adelaide, South Australia.

Its close identification with the Japanese has caused controversy since it was first mooted in 1987.

It was originally raised by the Japanese as a city of the 21st century, incorporating features of high technology living.

There had been strong opposition among local businessmen and ordinary Australians who feared the project would have become a "Japanese enclave."

The project was originally proposed to be sited in Queensland but vehement opposition because of the Japanese connection forced the move to South Australia.

AMERICAN NEWS

Guatemala declares cholera emergency

By **Tim Coone** in Guatemala City

A NATIONAL emergency was declared in Guatemala yesterday after the outbreak of cholera a week ago.

The infectious disease has spread up the Latin American continent from Peru since the beginning of the year, reaching as far as Mexico and the US. Until last week however, it had bypassed Central America, which is considered to be particularly vulnerable because of poverty, malnutrition and poor sanitary conditions.

Contaminated irrigation water in the border region with Mexico is thought to be the cause of the outbreak in Guatemala and the population is being advised not to eat raw vegetables or shellfish.

The Guatemalan authorities are especially concerned about the affect the disease could have on the country's $200m-a-year tourist industry.

The emergency measures allow the government to control movements of the population in infected areas of the country and to introduce price controls on medicines and sanitary products to prevent speculation and hoarding.

Regional health authorities have estimated that more than half a million of Central America's 28m population could fall ill to the disease if control measures are not taken. The disease produces severe vomiting and diarrhoea leading to dehydration and often death.

Workers at cutting edge of Caribbean row

The Dominican Republic has deported thousands of Haitians, writes **Canute James**

THE Dominican Republic is deporting thousands of workers back to neighbouring Haiti in an angry reaction to allegations of child labour and human rights abuses among the immigrant workforce.

The action has damaged already poor relations between the two countries, which share the island of Hispaniola, and has embarrassed their Caribbean neighbours whose mediation efforts have failed.

Mr Joaquin Ricardo, Dominican foreign minister, said there were 1.2m Haitians residing illegally in his country. They had been tolerated because of the political and economic turmoil in Haiti; now that there was calm in their country, the Dominican Republic was exercising its right to repatriate them.

An elected civilian government took office in Haiti in February after 33 years of dictatorship. The Haitian government, however, is worried that an influx of its citizens from the Dominican Republic will damage what is already the weakest economy in the region.

The Dominican action follows criticism from human rights groups over the manner in which Haitian migrants are treated, particularly on state-owned sugar plantations. The workers suffer unduly long working hours, low pay and poor facilities, the organisations say. They report widespread child labour on the farms.

The criticism was supported by a report on US television showing Haitian children cutting cane on a state-owned farm.

Haitian workers suffer long hours and low pay, human rights groups claim

Dominican officials have denied charges made by deported Haitians that they are robbed of belongings when being sent across the border.

Haitian cane cutters are needed in the Dominican Republic as Dominicans will not do the work. Although they have been cutting cane for more than 50 years, immigrants have never had an easy time of it; in 1937, President Rafael Trujillo ordered the massacre of thousands of Haitian workers.

However, with unemployment in Haiti at 60 per cent, there are many eager to cross the border for employment.

In announcing the deportations, President Joaquin Balaguer of the Dominican Republic said the first workers to be sent home were those below the age of 16 and older than 60.

"It is clear why these groups are being chosen," said one Barbadian diplomat at last month's Caribbean Community summit. "In sending back the children they have admitted there is child labour. With these age groups they are getting rid of those who are not yet, or no longer, useful."

The timing of the deportations is unlikely to have an immediate effect on the sugar industry as reaping has ended for the year.

The dispute between the two countries was worsened by the Dominican Republic's refusal to countenance a visit by Mrs Marie-Denise Fabien Jean-Louis, Haiti's foreign minister. Both countries are observers to the Caribbean Community and, encouraged by the community governments, Mr Ricardo and Mrs Jean-Louis met in St Kitts in sessions chaired by some Community foreign ministers.

The meetings were inconclusive, and the Dominicans said the deportations would continue. Several senior officials of Community governments concluded privately that the Dominican action had been fuelled by other factors, such as what one called "an unfortunately Dominican view of Haitians".

President Balaguer said the move was a "matter of survival" for the Dominican Republic if it did not want to "lose its national identity".

The impasse over deportations will annoy the US government, which concluded recently there were no grounds for implementing trade sanctions against the Dominican Republic over the treatment of Haitian migrant workers. The calls for sanctions, including the removal of preferential treatment granted under the Generalised System of Preferences and the Caribbean Basin Initiative, followed the human rights organisations' claims over working conditions.

A US government report said there had been improvements in workers' rights and conditions for Haitian workers.

Yet there are few who will be convinced by Mr Ricardo's explanation of the criticism. "It is all a matter of jealousy," he concluded. "All these attacks on the Dominican Republic are the result of jealousy over the success we have had with our free-trade zones and our tourist industry."

US Senate gives backing to new intelligence bill

THE US Senate has passed and sent to President George Bush a bill setting new requirements on what presidents must tell Congress about secret intelligence operations, Reuter reports from Washington.

The bill, designed to prevent abuses such as those in the Iran-Contra scandal, was worked out with administration officials and replaces one Mr Bush vetoed last year.

The Senate approved it on Wednesday night, while the House of Representatives backed it earlier this week.

It requires presidents to tell Congress of covert intelligence operations by any government entity, including White House aides, not just by the CIA. It would also require presidents to tell Congress if any other countries were involved in the operation and would prohibit presidents from approving any such operations retroactively.

Former president Ronald Reagan did not tell Congress for months that he had approved secret US arms sales to Iran, in an effort to win release of US hostages in Lebanon. The sales turned into a scandal when former White House aide Oliver North diverted profits from the arms sales to buy weapons for US-supported Nicaraguan Contra rebels, in violation of a congressional ban.

George Bush

Other countries were involved in the US arms sales to Iran and Washington officials urged several countries to aid the Contra rebels.

Quebec police arrest 25 after record hashish find

By **Robert Gibbens** in Montreal

QUEBEC police say 25 people, including 10 from Vermont, have been arrested after the chance discovery of 47 tonnes of hashish in 240 steel barrels floating in the St Lawrence river, about 700 miles north-east of Montreal.

The find, the largest ever made in Canada, has an estimated street value of $700m (£416.6m). The hashish was destined for the US in a smuggling plot starting in Singapore, police said.

The plan failed because the shipment proved too unwieldy to put ashore.

Those arrested included 15 from an ocean-going tug seized in Montreal. Two more Vermont residents are being sought, as well as a possible Canadian connection.

Two more barrels remain in the water, unaccounted for.

The plot began last February when a tug sailed from Singapore, police said. It moved to Lisbon and then back to the Indian Ocean where it took on the drugs from a Pakistan freighter.

Then the tug went to the Netherlands and picked up inflatable boats equipped with powerful outboard motors. The barrels containing the hashish were tied together in booms, near Anticosti island, in the Gulf of St Lawrence, and transferred to the inflatable boats during darkness.

Police were tipped off by a pleasure-boat operator who saw one of the booms and suspected a drowning. The tug was seized later and two men from the Netherlands held. All those arrested have been charged with drug smuggling.

Bad weather delays launch of space shuttle

THE US space agency yesterday postponed the launch of the shuttle Atlantis for at least a day because of bad weather that moved in while engineers were resolving a cockpit pressure problem, Reuter reports from Cape Canaveral. The shuttle was to have taken off just after 11 in the morning. Launch director Robert Sieck at the Kennedy Space Centre said lift-off would be rescheduled for about the same time today.

Solchaga: nominated by EC finance ministers

IMF role for Solchaga

MR Carlos Solchaga, the long-serving Spanish finance minister, is to become chairman of the policymaking interim committee of the International Monetary Fund, writes Peter Riddell.

He will take over from Mr Michael Wilson, the former Canadian finance minister, who resigned as chairman in April.

Mr Solchaga was nominated by EC finance ministers who traditionally pick the chairman of the interim committee.

Cracks delay submarine project

SERIOUS welding cracks have been found in the US Navy's first billion-dollar Seawolf attack submarine, probably delaying the project for at least a year, the Pentagon said yesterday, Reuter reports from Washington.

Mr Pete Williams, for the US Defence Department, said the recently discovered cracks in the submarine, under construction by General Dynamics, would be fixed.

But he added that the defects could mean at least a one-year delay in the planned 1995 delivery date of the submarine to the navy.

The contract for the first Seawolf, designed to dive deeper and run more quietly than older Los Angeles Class attack submarines, was awarded to General Dynamics in January 1989 and work began in October of that year. Mr Williams said the submarine was about 15 per cent complete.

The announcement came a day after a judge threw out the navy's award in May this year of a contract for a second Seawolf to General Dynamics.

Responding to an appeal from General Dynamics' rival, Tenneco, the judge ordered the navy to seek fresh bids on the second submarine.

Mr Dick Cheney, defence secretary, told reporters in an interview early yesterday that the government had not yet decided whether to appeal against the court order. General Dynamics said on Wednesday that it was also considering appealing against the ruling.

Tehran riots add to Rafsanjani's troubles

By Scheherazade Daneshkhu in London

ARSON and rioting in Tehran this week have added to the difficulties facing President Hashemi-Rafsanjani's government as it tries to grapple with the problems of the economy.

Yesterday a fire broke out in the Tehran bazaar halting business for the second time this week, according to Irna, the Iranian news agency.

On Monday, one of the worst fires to strike the bazaar, caused millions of dollars of damage to scores of carpet, textile and other shops. The city fire chief said he thought it was arson.

Elsewhere slum-dwellers set fire to cars and clashed with the police as municipality workers demolished unauthorised buildings.

Police fired into the air at Baqerabad, a suburb south of Tehran, to disperse a crowd of slum-dwellers who pelted police cars with stones. Baqerabad is one of many communities growing up on the outskirts of Tehran, housing newly-migrated villagers seeking jobs in the capital.

The government made no comment on the clash but several majlis (parliament) deputies issued a statement on Tuesday asking the government to stop municipalities from "demolishing houses and shops and putting pressure on low-income people."

"The rising prices of goods and services, medical care and housing pose a serious threat...to the system," Mr Mostafa Haerizadeh, one of the deputies, said.

Ayatollah Khomeini's Islamic revolution, which was meant to put the problems of the "deprived" before any other has been remarkably unsuccessful in tackling the issue of poverty.

Government officials acknowledge the depth of the problem. Mr Hadi Khamenei, brother of Ayatollah Ali Khamenei, the spiritual leader, estimated last year that up to 65 per cent of the 56m population is living below the poverty line.

President Rafsanjani is committed to a programme of reconstruction following Iran's eight-year war with Iraq and to reforming the country's overvalued currency. Despite an encouraging set of statistics – a 10 per cent rise in GDP in the year to March 1991, the first rise since the mid-80s and a drop in inflation to under 10 per cent – economic problems override all others for most Iranian families.

For most of the 1980s, Iran's economy was on a war footing and has only recently been able to change its priorities. The government has been in consultation with the International Monetary Fund over reforming the currency, which is operated on a three-tier exchange system. The difference between the official rate of 70 rials to the dollar and the "free" market rate of 1300 rials is almost 20 times.

The government has resisted a sudden devaluation of the rial and unification of the exchange system because it fears the kind of disturbances from the poor seen this week.

But it has followed IMF advice and is trying to reduce subsidies which cost \$4bn a year. Last week, it abolished coupons for subsidised chicken which was sold in rationed amounts at 150 rials a kilo. The price shot up to 1,900 rials.

Early in July, Tehran residents blocked the traffic in sporadic protests against a five-fold increase in bus ticket prices.

Civil servants' salaries have been raised but most people on fixed incomes can only scrape a living by taking on another job, such as operating a taxi service or teaching.

Need has joined with greed to reinforce corruption. The mayor of Tehran, Mr Gholamhossein Karbaschi, regretted the prevalence of bribery at Tehran Municipality earlier this year, saying: "I'm afraid this arises from material poverty."

The slum-dwellers, dependent on rations of subsidised goods, do not even have the choice. The government's inability to revive agriculture – admittedly a tall order – has resulted in many villagers migrating to shanty town suburbs around the capital.

Tehran's population is 6m according to government figures, but this does not include the suburbs, which pushes it above 10m. The housing shortage in Tehran (excluding suburbs) was estimated by the weekly, *Kayhan International*, in March as resulting in 830,000 homeless.

Mr Rafsanjani's hardline opponents have used what government officials term an economic crisis, as a stick to beat the government with. Fears of further civil unrest are likely to constrain its room for economic manoeuvre in the months ahead as it tries to decide the pace and form of introducing a free market.

Sri Lankan army snipers crowd aboard a tractor on their way to fight the Tamils at the strategic Elephant Pass

More than 2,000 die in Tamil battle

MORE than 2,000 Tamil rebels and soldiers have been killed in a battle that has been raging for three weeks, Reuter reports from Colombo. It is the biggest in Sri Lanka's eight-year-old separatist war, an army spokesman said yesterday.

He said 151 government soldiers and an estimated 1,925 rebels had been killed in the fighting for the northern army base at Elephant Pass. Nearly 600 troops had been wounded.

The base has been under siege since July 10 by guerrillas fighting to set up an independent homeland in the north and east for the Tamil minority.

The Liberation Tigers of Tamil Eelam are trying to overrun the base and clear the pass linking their stronghold, the Jaffna peninsula, with the rest of the island.

The military's casualty figures could not be verified independently and there has been no comment on the battle by the Tamil rebels.

An estimated 8,000 troops and 5,000 guerrillas have been fighting in the battle for the corridor through which elephants used to pass years ago.

About 8,000 seaborne troops, sent 19 days ago to relieve the garrison, had fought their way against heavy resistance and yesterday were 1½ miles from the camp, the army said.

The troops, who landed six miles east of the camp on July 14 with navy and air support, had been thwarted in their advance by rebel fire.

The Tigers, some of them women and some as young as 14, attacked the advancing troops with rocket-propelled grenades, mortars and small arms.

The army said 800 soldiers pinned down in the camp for the past three weeks had sufficient arms, ammunition and food.

It is believed the Tigers have recently acquired an anti-aircraft weapon with a range of about 5,000 ft, preventing helicopters from landing at the base.

ANC calls on De Klerk government to resign

By Philip Gawith in Johannesburg

THE African National Congress yesterday criticised the South African government's response to the Inkatha slush-fund scandal and called on it to resign and make way for an interim government.

In its first considered response to the affair, the national executive committee (NEC), the ANC's chief policy making body, said the government's handling of the affair made it unsuitable to serve as both referee and player in South Africa.

Mr Cyril Ramaphosa, secretary-general, commented: "The ANC is more convinced than ever that the De Klerk government is the obstacle that stands between us and the installation of a democratic government."

Dr Pallo Jordan, ANC information chief, said details of an interim government would be discussed at a multi-party conference, probably to be held later this year.

The ANC said a plan of action to impress upon the government the need for an interim government would be discussed at a meeting of the Patriotic Front at the end of the month.

Ironically, President de Klerk said on Tuesday he was prepared to see transitional arrangements as the first item on the agenda of a multi-party conference. He made clear, however, that the government had no intention of giving up its sovereignty.

The NEC statement said that Inkatha's involvement with the slush-funds and the "woefully inadequate responses of its leadership, has seriously brought into question its legitimacy as an independent political force." The ANC would be reviewing its bilateral contacts with Inkatha.

The statement also urged businessmen not to participate in the advisory committee announced by Mr de Klerk to oversee the spending of special secret funds.

The ANC reiterated its demand for the freezing and opening up to public scrutiny of all government secret funds and covert projects. It also called on the international community to maintain sanctions and "all-round pressure" on the government.

● Archbishop Desmond Tutu said yesterday he would renew support for economic sanctions against Pretoria if President F.W. de Klerk did not act more firmly to clear up the Inkatha slush fund scandal, Reuter adds from Cape Town.

"Trust must be restored and negotiations must be put back on track, otherwise doomsday will be upon us," the South African Anglican church leader said at a meeting to protest against the government's clandestine funding of the Inkatha Freedom Party.

Seoul ready for nuclear talks with north

SOUTH Korea said yesterday it would consider talks with North Korea on nuclear non-proliferation but insisted that Pyongyang accept full international inspection of its nuclear plants, Reuter reports from Seoul.

The South Korean statement followed a proposal by North Korea on Tuesday that the two countries establish a nuclear-free Korean peninsula to be guaranteed by China, the Soviet Union and the US.

South Korea's foreign ministry said that as a signatory to the Nuclear Non-Proliferation Treaty, North Korea should accept United Nations inspection of all its nuclear materials and facilities, including a reprocessing plant.

The plant at Yongbyon, north of Pyongyang, is believed by Seoul and Western governments to be part of a nuclear weapons building programme. North Korea denies this.

The prime ministers of North and South Korea are due to meet in Pyongyang this month to resume a tentative dialogue that began last September, their highest-level contact since the 1950-53 war.

It is not known if the nuclear issue will be on their agenda.

Folksy exchange touched by scandal

Robert Thomson on the scam fall-out at Japan's smallest bourse

LUNCH AT the Hiroshima stock exchange is a simple affair. Japanese *bento* box lunches and take-out fried chicken wings surface on the 12 desks that are the trading floor, while the dealers play cards or read magazines and comic books.

But even the simplicity and folksiness at Hiroshima, Japan's smallest exchange by trading volume, has been touched by the securities scandals in Tokyo. One trader told how an irate neighbour collared her in the street and lectured her on the evils of working for a leading brokerage.

"I tried to explain to her that the scandals have got nothing to do with me. I am only here part-time to earn a bit of extra money. What can I do?"

The exchange itself has suffered. Turnover in June was only 12.4m shares, down 38 per cent on the same month last year and well below the monthly average of 31.5m shares in 1989, when Japanese stock prices rose relentlessly and trading volumes surged.

Japan has eight stock exchanges, with Tokyo, Osaka and Nagoya the most influential. The smaller exchanges offer local companies a relatively easy listing and allow traders to deal in select stocks listed on the larger markets.

Of the 196 stocks handled at Hiroshima, 187 are also listed elsewhere, and the nine unique issues include Sunday's Sun, a family restaurant operator with 23 Jolly Pasta outlets, and Ahjikan, a maker of fish pastes and Japanese-style omelettes.

Others in the Hiroshima nine are a construction company, a fire-resistant materials maker, the local railway and gas companies, a regional bank, a water heater manufacturer, and a clothing wholesaler. Prices are shown on television screens, and a special board records movements in Mazda Motor and other leading Hiroshima-based companies listed in Tokyo and Osaka.

Mr Hirosuke Shiji, Hiroshima's director of listings, said the confidence of customers and of smaller brokers has been undermined by the scandals, which have included the compensation of favoured clients for trading losses and dealings with gangsters.

"The number of buy and sell orders has greatly decreased. Generally speaking, ordinary customers have lost confidence. I think there will have to be important changes made in the industry," Mr Shiji said.

Hiroshima officials are also anxious because of a Y800m (\$5.8m) commitment to a larger, more glamorous exchange, conceived during the giddy days of the late 1980s and due to be opened in December. The building was to be a monument to the growth of an exchange that traces its history back to 1755 as a dealing house for rice and cotton.

In the hope of increasing the number of local listings and share turnover, the exchange recently surveyed medium and small companies based in the region, and found that about 70 liked the idea of going public. But Mr Shiji fears the scandals may prompt a few of those companies to cancel plans for listing.

"It should be emphasised that none of the nine companies listed here received compensation. They all have a healthy attitude to the stock market," Mr Shiji said.

The intimacy of the exchange makes difficult the ramping of prices and cornering of local stocks without much of Hiroshima knowing. A sudden spate of buying or selling is rather obvious on an exchange on which as few as two or three of the nine stocks may be traded during a day.

Disappointment at the events in Tokyo seems to have prompted Hiroshima officials to embrace a "back to basics" theme for local financial markets. Mr Shiji stressed that his exchange has a deep sense of regional responsibility: "Our mission is to assist local companies. We can contribute to the revitalisation of the area by helping companies to raise funds. We are trying to educate people about stocks. The scandals have not helped us."

Sierra Leone to vote on new constitution

A REFERENDUM to approve a new multi-party constitution in Sierra Leone will be held this month, Mr Max Bailor, chief electoral commissioner, said yesterday, Reuter reports from Freetown.

Voters will say yes or no to a draft constitution trimming the powers of President Joseph Momoh and ending 13 years of one-party rule by his All-People's Congress.

Mr Bailor said electoral officers were working on voting logistics for the south-east of the country, where the army is fighting off a rebel incursion from neighbouring Liberia.

● Niger's government returned to a national pro-democracy conference yesterday, two days after walking out in a row over representation, Reuter reports from Niamey.

"We want to make our contribution to the conference to safeguard its national character," a government spokesman Mr Birgi Rafini said.

The government's 100 delegates walked out on Tuesday, demanding a bigger voice for women, traditional chiefs and rural voters.

The forum is expected to appoint a transitional government to lead the West African country to multi-party elections.

Malaysia adopts bill to seize land

By Our Foreign Staff

MALAYSIA'S parliament has given the government absolute powers to acquire development land belonging to individuals.

Opposition groups have said the bill could allow the Malay-dominated government to obtain forcibly land owned by ethnic Chinese, who control much of the country's economy.

After a heated five-hour debate on Tuesday night, the house voted 99 to 25 to pass the land acquisition (amendment) bill, which opposition leaders say would destroy the constitutional right to property.

The bill allows state governments to acquire land for any purpose that was "deemed beneficial to the economic development of Malaysia", and can even be handed over to the private sector for development.

The government said the bill was not biased against any race. It was needed to develop, among other projects, a large area near a bridge to be built linking the southern state of Johore with Singapore.

The government would pay for land acquired. Mr Sakaran Dandai, the land and co-operative development minister, told MPs. "Landowners can still seek redress in the courts over the amount of compensation if they are not satisfied."

The new law will have far-reaching consequences for land held, even in freehold by, for example, schools.

It rests on two planks: state acquisitions, with compensation, of any private property cannot be invalidated by the judiciary; and acquisitions deemed beneficial to the country's "economic development" can be passed on to a third, private party. Previously, state power was restricted to a "public purpose".

Dr Mahathir Mohamad, the prime minister, has said the legislation was aimed at economic development. Mr Ghafar Baba, his deputy, said the country's extensive privatisation programme made the new law necessary.

Mr Lim Kit Siang, parliamentary opposition leader, said no private land would be "safe" from state powers since the previous legal protection against possible abuses was removed. "Now, ownership is only a qualified right," he said.

Flood claims 400 Indian villagers

RESCUERS in central India abandoned hope yesterday of finding survivors among the hundreds of villagers swept away by a rampaging river. The number drowned was put at nearly 400, AP reports from Mowad, Maharashtra.

Thousands of people holding cloths to their faces against the stench of decaying carcasses scrabbled through wreckage to salvage what they could. Many said they would not return to the banks of the Wardha River that destroyed their homes.

Authorities recovered 82 bodies from Mowad, the worst-hit of six villages that were submerged. Mr Shivprasad Dwivedi, a police deputy superintendent, said 317 people were missing and believed dead.

The Wardha, swollen from incessant rain, broke its embankment early Tuesday and washed away hundreds of flimsy mud and clay houses.

Anger at Gandhi fund donation

By KK Sharma in New Delhi

INDIA'S opposition parties have threatened to vote against the finance bill, which will enforce the government's recent budget, because of a government donation of Rs1bn (\$39m) to a trust formed by friends and associates of Mr Rajiv Gandhi, the assassinated former prime minister.

Mr Indrajit Gupta, a Communist member of parliament, has said that public funding of trusts could not be justified.

"If the Congress feels so strongly about starting something in the name of Rajiv Gandhi, it should raise funds through donations," he said. "The party should not slap the public exchequer with an additional burden." Other parties have issued similar statements.

The parties have issued whips to their members to be present in the Lok Sabha (lower house of parliament) when the matter is taken up in the next two or three weeks.

Failure to pass the finance bill would be disastrous for Mr P.V. Narasimha Rao's government as an IMF loan, urgently needed to deal with India's balance of payments crisis, depends on adoption of the budget.

Some parties such as the Marxists and the Janata Dal have also said they will vote against the budgetary proposal to abolish the subsidy on fertilisers, but this is not as controversial as the Gandhi grant.

The foundation has among its trustees Mr Rao and Dr Shankar Dayal Sharma, India's vice-president.

British prime minister to visit Beijing next month

MR JOHN MAJOR, the British prime minister, will travel to China on September 2 to sign an agreement on construction of an airport in Hong Kong, the British colony's government-owned radio said yesterday, AP reports from Hong Kong.

Mr Major and Japan's prime minister, Mr Toshiki Kaifu, who is going to Beijing this month, will be the first leaders of the main industrial democracies to visit China since the crackdown on the democracy movement in June 1989.

The radio said Mr Major would stay in Beijing until September 5 and then go to Hong Kong for a one-day visit.

Mr Douglas Hurd, the British foreign secretary, and Sir Percy Cradock, Mr Major's special adviser on foreign affairs, will accompany him on his trip, the report said.

China listed Mr Major's visit as a precondition to agreeing to support the £9.5bn airport and port construction project.

China-Vietnam call

Chinese officials have called for opening China's border with Vietnam to economic development in another sign of slowly improving relations between the two countries, AP reports from Hong Kong.

The Hong Kong Chinese News Service said officials in Guangxi province want to turn an area of several hundred miles along Guangxi's 600-mile border with Vietnam into an "open area".

Manila files tax charges against Marcos family

THE Philippines yesterday filed tax evasion charges against Mrs Imelda Marcos, the exiled former first lady, and a minister vowed to send her to jail, saying the time had come to confront the Marcos "phantom", Reuter reports from Manila.

Mr Francisco Chavez, the solicitor-general, filed the first criminal case for tax evasion against Marcos and her three children. "There will be a rain of more charges, including corruption charges, in the next seven weeks," he said. "Al Capone was sent to jail ... not through the heinous crimes he committed but through tax evasion charges," Mr Chavez said.

A day after the government lifted a ban on Mrs Marcos's return from exile, eight senators belonging to the ruling coalition joined the public clamour for a homeland burial for her husband, former president Ferdinand Marcos, who died in Hawaii in 1989.

President Corazon Aquino excluded the deposed dictator's unburied corpse from her order on Wednesday allowing Mrs Marcos to return to the country after more than five years in exile in the US. The government fears its opponents might use a Marcos funeral to incite violence.

Charges against Mrs Marcos accuse her and her children of 29 counts of tax evasion. Each count carries a penalty of five years. Mrs Marcos alone faces 11 counts. If convicted of all of them, she could face jail terms of up to 55 years.

The Aquino government has accused the Marcos family and their business associates of looting up to \$10bn from the national economy during Ferdinand Marcos's 20-year rule.

Mr Chavez filed the charges with the state prosecutor's office, which will determine if there is a prima facie case or enough evidence against the Marcoses to warrant bringing the case before a court for trial.

Speaking from New York on Wednesday night, Mrs Marcos said she would accept the Philippine government's offer to return home to face trial even though Manila refused to let her take her husband's body with her.

Kabul arms blast

Hundreds of people were killed or injured when an arms depot exploded in the Afghan capital Kabul, a Pakistani newspaper said yesterday, Reuter reports from Islamabad. The Nation said the blast was believed to have been caused by rockets fired by mujahideen guerrillas. The report did not say when the blast happened.

CIA alleged to have had evidence in 1986

By Alan Friedman in Washington

SEVERAL US government agencies had evidence of the illegal activities of the Bank of Credit and Commerce International (BCCI) as early as 1986, according to documents and testimony given yesterday to a Senate subcommittee investigating the banking scandal.

Senator John Kerry, the Massachusetts Democrat whose Senate foreign relations subcommittee held the hearing, disclosed portions of a memorandum detailing BCCI criminal activities and its secret ownership of First American Bancshares, the Washington bank headed by Mr Clark Clifford, the former US defence secretary.

The memo, dated September 30 1986, was prepared by the Central Intelligence Agency and was sent to federal law enforcement agencies, as well as the Treasury, according to Mr Kerry.

"In 1986, the CIA knew that BCCI was a criminal enterprise, and owned the First American Bank, and told a number of other government agencies. There is no evidence on record that any of these agencies told the Federal Reserve what they knew, nor is there any evidence of federal law enforcement taking any action," Mr Kerry said.

Mr William von Rabb, the former US commissioner of Customs, told the hearing he obtained a copy of the memo from the CIA in 1988, after seeking information on the bank from Mr Robert Gates, then CIA deputy director. Mr von Rabb said that Mr Gates did not mention to him anything about the CIA's own relationship with BCCI.

The CIA has said it is investigating any past contact it may have had with BCCI.

The former Customs chief said the Treasury did not pass the memo to him in 1986. He accused the Treasury – which was then headed by Mr James Baker – of being "lackadaisical and worked over" by "some of Washington's most blue-chip influence pedlars."

Mr von Rabb also said the Department of Justice had been "pounded" by the BCCI lobbyists.

He criticised a January 1990 plea agreement concerning BCCI's drug-money laundering activities in Florida, which he called "a shameless agreement" that caused US prosecutors in Florida to have their "arms tied" as regards any further prosecution.

Mr Jack Blum, a former Senate investigator on the BCCI case, said he was personally infuriated by the plea agreement because "I had gone to considerable lengths in 1989 to put serious evidence before the Justice Department concerning widespread money laundering and secret ownership by BCCI of three US banks".

This evidence included tape recordings of a senior BCCI executive who "laid out the entire story including BCCI's ownership of First American, the lack of capital, the loan and stock transactions and stealing by insiders", as well as details of the use of BCCI by Mr Manuel Noriega, the former leader of Panama.

Mr Blum disclosed that when no action was taken by the Justice Department he took the evidence to Mr Robert Morgenthau, the Manhattan district attorney, who on Monday brought criminal indictments against the bank and its founder "on the basis of the same evidence".

A BCCI inspection report by the Federal Reserve Bank of New York and New York state bank supervisors in autumn 1988 stated that BCCI's New York branch was "found to be deficient in all respects concerning compliance with the requirements of the financial record-keeping and reporting regulations."

The joint examination said BCCI's New York operations "exhibit a combination of financial, operational or compliance weaknesses ranging from moderately severe to unsatisfactory". The report said there was no system of internal controls or guidelines regarding treatment of and reporting requirements for "multiple, suspicious or structured transactions" from October 1988.

According to documents obtained by the Financial Times, the New York examination said: "It is likely that several deposit accounts are being used to launder cash by means of frequent small, non-reportable currency deposits and by the deposit of money orders purchased at various New York City financial institutions."

Mr von Rabb said he had been "cut out of the BCCI investigation" by the Treasury Department several months before he left the government in July 1989. "I was annoyed about the Florida case, annoyed that there were not more significant indictments of more senior BCCI officials and more serious charges against the bank."

The Florida case resulted in a $15m fine and the conviction of five low-level BCCI Florida officials. Mr von Rabb said more was not done "because Justice didn't feel our evidence was sufficient."

Mr Blum revealed that as early as 1988 he met Mr Amjad Awan, the BCCI branch manager in Miami who served as Mr Noriega's banker. He said that when the Senate investigation issued a subpoena for Mr Awan's testimony, a 30-day delay was requested by Mr Clifford and Mr Robert Altman, acting not in their roles as chairman and president of First American, but as lawyers for BCCI.

Mr Blum also told the committee that he learned that Mr Altman had allegedly told Mr Awan to leave the US in order to avoid the subpoena. "He was being advised to leave the country, go to Paris and stay out of reach by his attorney, Mr Robert Altman." Mr Altman has denied this.

Mr Clifford and Mr Altman, who are being investigated by Mr Morgenthau's office, have repeatedly denied any wrongdoing and have claimed they never knew that First American Bancshares was secretly owned by BCCI.

ABU DHABI GOVERNMENT

Compensation plan may be extended

By Andrew Jack

THERE WERE hints yesterday that the voluntary compensation scheme offered by the Abu Dhabi government might be extended beyond BCCI depositors in the UK, as a row developed over those not covered by the offer.

Individuals with deposits not held in sterling, and those with BCCI accounts outside the UK, were growing increasingly disgruntled as it became apparent that they would not be covered.

However, sources close to Simmons and Simmons, the solicitors acting on behalf of the government of Abu Dhabi, suggested last night that discussions were taking place and that there was a possibility the offer might be widened.

After some consideration of the extent of the jurisdiction of a ruling by the High Court, Touche Ross concluded on Thursday that depositors and employees from BCCI's Scottish branch in Glasgow would be eligible for compensation. They will be treated identically to those with accounts in English and Welsh branches.

However, depositors with accounts on the Isle of Man, as well as in Gibraltar, Luxembourg and elsewhere, are not included under the voluntary compensation scheme proposed by the Abu Dhabi government on Tuesday.

Those with accounts in Gibraltar are waiting for a ruling this morning on a liquidation petition for BCCI in the colony and are hoping for an adjournment with an offer of compensation.

Mr Keith Vaz, Labour MP for Leicester East and the co-ordinator of the all-party BCCI group, said that Sheikh Zayed, the ruler of Abu Dhabi, should not be pressed to extend his offer of compensation. "It's too early to call on him to do too much," he said.

CAYMAN ISLANDS

Employees fear lost benefits

BCCI'S STAFF in the Cayman Islands are angry at receiving termination notices from the provisional liquidator without any assurance that accrued benefits will be paid, Bernard Simon, in Grand Cayman, writes.

Mr Bob Axford, joint liquidator and acting chief executive of the Cayman operation, on Wednesday gave the 70 staff in the Caribbean tax haven up to one month's notice.

A few have been told that they may be re-employed, although under different arrangements.

Both the liquidator, Deloitte Ross Tohmatsu, and the employees are taking legal advice on the reimbursement of provident fund contributions, holiday pay and, in the case of expatriates, return passages and removal costs to Pakistan and other countries.

The employees also say that BCCI owes them substantial amounts deducted from their salaries in lieu of tax, which is non-existent in the Caymans. These deductions were stopped last year.

Deloitte Ross Tohmatsu has assigned about 20 staff, several of them brought in from Canada, to oversee the winding-up of the Cayman-based BCCI (Overseas) and its various affiliates.

The Cayman operation controlled offices in 29 other countries and is suspected of being at the centre of much of BCCI's fraudulent activity. Attention is focused on International Credit and Investment Co (Overseas) (ICIC), which US authorities have named as being instrumental in the clandestine takeover of various US banks.

Mr Wazeer Jaffri, ICIC's general manager, flew to Pakistan to attend a family wedding shortly before the bank was seized on July 5. He has yet to return to the islands.

Mr Bande Hassan, his counterpart at BCCI (Overseas), was still in his office in George Town, the Cayman capital, this week assisting the liquidator.

The 22 expatriate employees and their families, mostly Pakistanis, face an uncertain future. The bank has up to now paid their rent. Furthermore, their Cayman work permits will be void once they stop working for BCCI.

Faced with an early cut-off of their salaries and the possibility of not having removal costs paid, several families have put household appliances and other belongings up for sale.

Business dreams that turned into nightmares

Chris Tighe on the difficulties facing two clothing companies

FROM a stall in Leeds market to a prominent white building emblazoned with their name, the Kotia family has worked relentlessly for 60 years to build up their wholesale clothing business.

Inside Kotia House, the racks are packed with colourful summer clothes, but upstairs in his office director Mr Abdul Latif Kotia is close to despair.

Most businesses in this inner city corner of Leeds, the heart of the Yorkshire region's wholesale clothing industry, banked with BCCI.

But the Kotias are among the worst affected because their stock was all imported, rendering their entire business dependent on BCCI letters of credit.

From the Far East, manufacturers are ringing Mr Kotia, pleading for orders, but without letters of credit none will accept the contracts he should be placing now for future seasons' clothing.

Suppliers are phoning, too, asking for money he owes but cannot pay. All his business and personal banking was conducted through BCCI, so his finances are paralysed.

His attempts to find another bank willing to take him are proving hopeless: he has no security he can offer against a loan, since Kotia House and his home, and the homes of his two brothers, who also work in the business, had already been accepted by BCCI as security against an overdraft and letter of credit facilities.

"I went to one bank and they said 'What security can you give us?'," says Mr Kotia. "I said, 'My shirt. The rest all lies with BCCI.' They said, 'Sorry, we can't help you'."

Downstairs, some of his 10 employees are selling summer goods to a trickle of customers, but, he says dejectedly, it is not enough.

Mr Kotia came to Leeds from Pakistan in 1966 to learn English.

"Then I worked day and night in the market to make money to help my father build up this business. This was my castle."

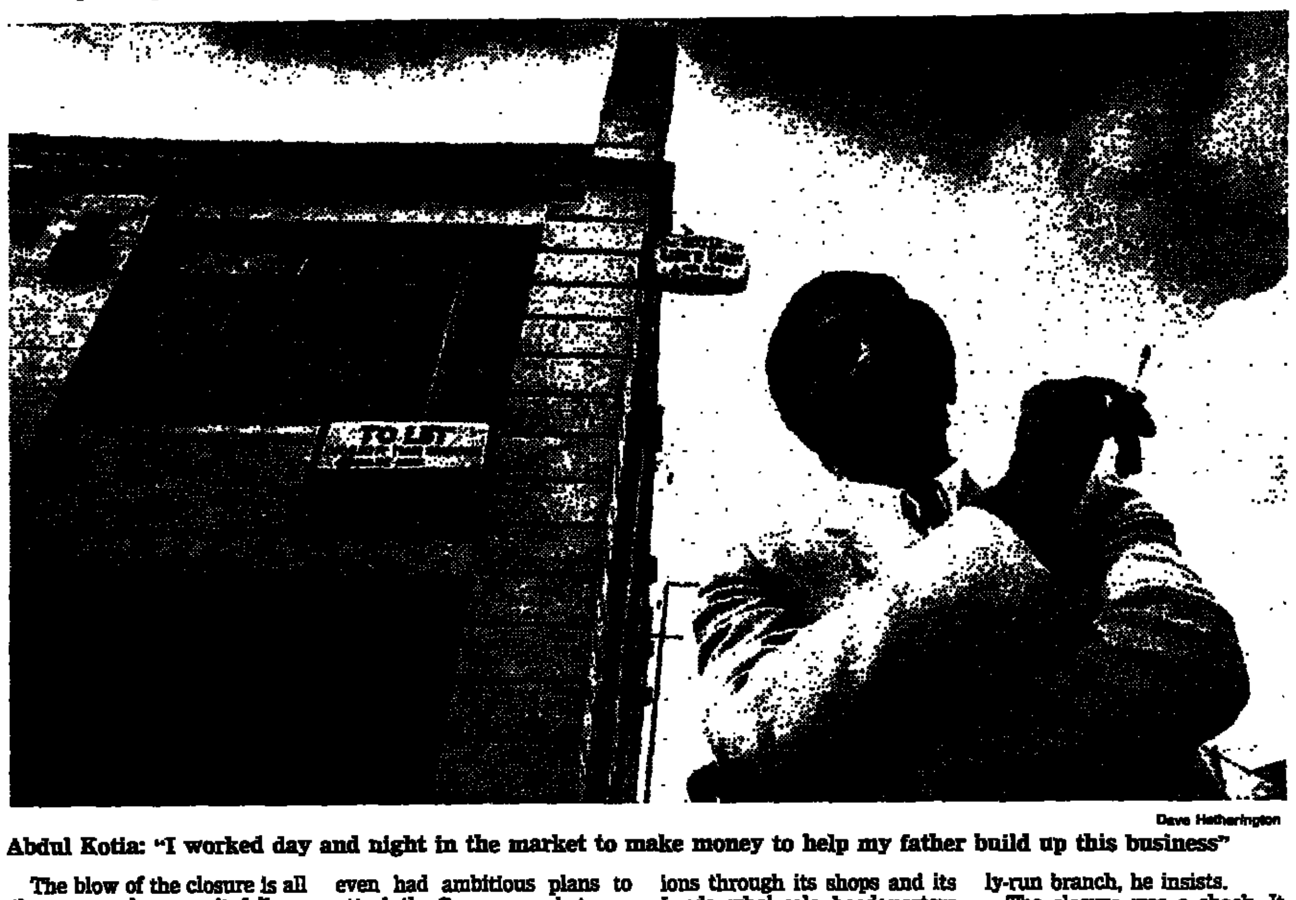
He fetches framed photographs of his father welcoming smiling Pakistani dignitaries – and a NatWest manager – to the opening of Kotia House in the early 1970s.

"It's like it was a dream. I had a business: it's gone. Gone with the wind."

The family companies, N.M. Kotia Ltd, and Roseville Trading Company Ltd, switched to BCCI when it opened a Leeds branch.

"The manager came to my father, said he was the oldest Asian business in the city, said if you please, open an account with us. We can have other accounts from other Asian businesses. So my father opened an account with BCCI."

Turnover last year was around £1m, and at the time of BCCI's closure, the Kotias had an overdraft of about £300,000.



Dave Hetherington

Abdul Kotia: "I worked day and night in the market to make money to help my father build up this business"

The blow of the closure is all the greater because it follows their struggles to survive both the recession and a spate of mild winters, which forced the Kotias, who were then among Britain's biggest glove importers, to diversify into other clothing.

Mr Kotia said he does not know what will happen. But he is angry that BCCI's closure has threatened businesses. "The law says to punish the man who is guilty, not innocent people like me."

Across the road at MS Fashions, Mr Mohammed Sarwar is angry, too.

After working for 19 years to build up a £6m-a-year business, he and his brother were planning to launch their clothing ranges on the Continent. They even had ambitious plans to attack the German market.

Now, their business account with BCCI frozen, they are surviving hand-to-mouth, and have just issued redundancy notices to six of their 70 staff.

More of their loyal, hard-working employees are to lose their jobs and some of the brothers' 10 retail shops in the Yorkshire area and the Midlands will have to close.

"It shattered my confidence," said Mr Sarwar. "We will probably have to cut the operation right down. This is all so unnecessary."

All the profits had been ploughed back into the business. "That's the way to succeed in business. At least, that's what I thought."

The clothes sold by MS Fashions through its shops and its Leeds wholesale headquarters were made for the company by manufacturers in Manchester, Leicester and London.

Mr Sarwar estimates up to 1,000 people depended indirectly on contracts he placed. Suppliers, he said, have rung him, offering their support, "but they have their own problems".

The company, which had more than £20,000 in BCCI when it closed, had a five-figure overdraft facility, for which the bank retained the deeds of the company's Leeds freehold building and 10 leasehold shops as security.

Mr Sarwar is convinced BCCI was closed for political reasons, not fraud. There was no confetti money at his tightly-run branch, he insists.

The closure was a shock. It even crossed his mind to give up, but, having fought the recession and high interest rates, he has resolved to do battle again.

And he has found an ally – a Yorkshire bank manager who carried on calling in at MS Fashions for a coffee and a chat, even after the company switched its account from him 17 years ago to BCCI.

The manager is now in Harrogate, so MS Fashions has opened an account with him there. And he has offered to discuss credit facilities.

"I think he is quite happy," said Mr Sarwar. "And we were happy that somebody approached us and was happy to accommodate us."

LORD BINGHAM

Inquiry starts today

By Andrew Jack

THE INDEPENDENT inquiry into the action taken by UK regulators against BCCI starts today with a request for submissions from all those with relevant information on the bank.

In an advertisement placed in national and regional newspapers Lord Justice Bingham, appointed to lead the inquiry, appealed for those directly involved in the supervision of BCCI, as well as anyone else with interests in the inquiry, to contact him with written submissions.

The action follows the chancellor's announcement on July 19 that the government would set up an independent inquiry. It will examine and make recommendations on the supervision of BCCI under the Banking Acts; and whether the action of the UK authorities was appropriate and timely.

Lord Justice Bingham stressed that the inquiry would not deal with the deposit protection scheme or other matters relating to the recovery of deposits.

In addition to submissions from the public, the inquiry will seek written evidence and documents from the Bank of England and the Treasury. It will then start to hear oral testimony – which will not be under oath – in six to eight weeks. The proceedings will take place in private and are expected to last several months. The findings will be made public, except for anything which would prejudice criminal proceedings or contravene the Banking Acts.

Lord Justice Bingham, 57, was appointed a judge of the High Court in 1980. He headed an inquiry into companies breaking sanctions in Rhodesia in 1977, and was one of the "three wise men" reviewing the deportation of Arabs during the Gulf war.

Submissions should be sent to: BCCI Supervision Inquiry, Queen Anne's Chambers, 28 Broadway, London SW1H 9JS.

ABU DHABI

Liquidation likely to proceed, says top banking source

By Richard Tomkins in Abu Dhabi

BCCI BANKING operations in the United Arab Emirates – one of the largest operations in the group's global network – almost certainly face liquidation, a senior banking source in Abu Dhabi said yesterday.

The go-ahead is likely to be given as soon as Touche Ross, the accountants acting as local liquidators, receive the necessary court order. Liquidation is expected even though Abu Dhabi contains BCCI's operational headquarters and is home to the bank's principal shareholders – Sheikh Zayed bin Sultan al-Nahyan, the ruler of the country, his family and associates.

The Abu Dhabi position contrasts with that in the UK where Sheikh Zayed's representatives this week won time from the High Court to attempt a possible reconstruction of BCCI's UK banking operations.

An authoritative source who spoke to the Financial Times on condition that he was not named said there was little to be salvaged from BCCI's eight-branch network in the United Arab Emirates (UAE) because its liabilities far exceeded its assets. He said that any surplus liquidity in the bank had traditionally been placed offshore with other parts of the failed BCCI empire because it earned higher rates of interest with them.

The bank also had little in the form of tangible assets because, under local regulations for foreign-based banks, its buildings were rented. Liabilities to depositors in the UAE are estimated at about $2bn (£1.1bn), with $1.4bn attributable to the government, its agencies and state-owned corporations, and the rest to 35,000 private depositors.

Those liabilities will in effect be taken on by the government. It will write off its own deposits and compensate other depositors from within its own resources. In parallel with this move, the government is about to announce the rebirth of Bank of Credit and Commerce (Emirates), a BCCI affiliate with 17 branches still open in the UAE, under the new name of Emirates Union Bank.

The BCC(E) branches were once part of BCCI, but were incorporated into a separate entity after the UAE government decreed in 1981 that foreign banks must reduce their operations to eight branches apiece. (BCCI was not then based in the UAE.)

BCC(E) is now 60 per cent owned by UAE interests, mainly governmental, and 40 per cent by BCCI. Its management wants to buy out BCCI's 40 per cent stake in order to terminate its association with the failed bank. BCC(E) is also close to agreeing a takeover of the three BCCI branches still operating in Pakistan.

Although small in number, these branches collectively represent the biggest foreign banking operation in Pakistan in terms of the amount of business. However, the senior banking source said BCC(E) would not go on to form the nucleus of any reconstruction.

The Pakistan acquisition was the limit of its plans, he said. Its capital base was not sufficient to permit any further acquisitions in the short term. Western bankers in Abu Dhabi said the decision to close BCCI's eight branches amounted to a sensible rationalisation of an over-banked community.

There are 21 locally-owned banks and 31 overseas banks in the UAE, together operating 300 branches, for a population of 1.4m. Former customers of BCCI are likely to have their accounts transferred either to BCC(E), in which the government has sizeable interests, or to one of the two state-controlled banks – the National Bank of Abu Dhabi and the Abu Dhabi Commercial Bank.

Western bankers said the apparent inconsistency between the decision to close BCCI in the UAE and to fight for its survival in the UK was explained by the fact that, apart from two branches of the National Bank of Abu Dhabi in London, BCCI represented the UAE's entire banking representation in the UK.

LUXEMBOURG

Protection for holding company

By Peter Norman

A LUXEMBOURG court last night put BCCI Holdings SA, the holding company for BCCI, into formal controlled administration.

The "gestion contrôlée", likened by the Luxembourg authorities to Chapter 11 protection in the US, means three court-appointed commissioners will oversee the holding company's affairs and protect it from creditors.

The move was made after an initiative by BCCI Holdings' shareholders, acting on the advice of the Luxembourg Monetary Institute. The holding company was considered to need protection after having issued a number of guarantees.

It is understood that the Luxembourg authorities were anxious to avoid instability as the company controls about 30 subsidiaries in a number of countries. Yesterday's move will win time while investigations are carried out into whether BCCI or parts of the group can be restructured.

The court appointed Mr Brian Smouha of UK accountants Touche Ross as one of the commissioners. He will be assisted by two Luxembourg-based commissioners. Last month he was given the same job at BCCI in the UK.

WORLD ROUND-UP

Zimbabwe and Zambia railways said to face big deposit losses

THE NATIONAL railways of Zimbabwe and Zambia stand to lose about Z$330m (£57.8m) frozen at BCCI, the Herald Daily newspaper said.

The newspaper said that BCCI held the cash deposits of Rhodesia Railways (Pvt) Ltd, a British-registered company formed in colonial days and now owned by Zimbabwe and Zambia.

Rhodesia Railways owns both countries' railway assets. Its deposits are held in six BCCI accounts in London. The company transferred its money to BCCI in 1985 because the bank was offering high interest rates, the Herald Daily said.

The failure of BCCI is being portrayed widely in Africa as a western plot against the Third World. Governments in four of the 21 African countries where BCCI operated have kept subsidiaries open, and some have no plans to investigate charges that include drug money-laundering and channeling funds for terrorist activities.

Closure of most of the bank's worldwide operations is part of "a fierce campaign gaining momentum these days and aiming to besiege elements of Islamic potential", said Mr Hassan Turabi, a former cabinet minister and secretary-general of the newly formed Arab and Islamic People's Conference.

BCCI remains open in Zimbabwe, where the government has a controlling stake of 53 per cent. It also has remained open in Ghana, Swaziland and Zambia, where the governments have minority shares.

Not all depositors are reassured, however. The local council in Zimbabwe's second-largest city, Bulawayo, withdrew its millions of dollars in deposits in spite of appeals by the government.

There also are no plans for an investigation in Nigeria, believed to be one of the world's drug-trafficking centres. BCCI Nigeria changed its name on July 12 to the African Bank International and announced that the central bank was organising for Nigerians to buy out the 40 per cent of Arab shares.

The US magazine Time reported that Nigeria received $1bn in loans from BCCI London following violent anti-government protests in 1989.

PERU: Mr Jorge Chavez, president of Peru's central reserve bank, said documents relating to deposits in BCCI during former President Alan Garcia's term in office will be made available to Peruvian investigators.

Peru's attorney-general said on Tuesday he had opened an investigation into central bank deposits of up to $270m in BCCI in 1986 and 1987.

Mr Lionel Figueroa and Mr Hector Neyra, the central bank's former president and general-manager, respectively, were accused on Monday by Mr Robert Morgenthau, New York district attorney, of receiving $3m in bribes for BCCI deposits. They have denied the charges.

SRI LANKA: The country's central bank said yesterday that this week's reopening of BCCI's Colombo branch would not be affected by overseas developments.

Mr Neville Karunatilake, central bank governor, said: "We will not be guided by what happens abroad. The bank will continue to operate irrespective of what happens overseas."

The Colombo branch reopened on Monday under the management of Sri Lanka's privately owned Seylan Bank.

SOUTH KOREA: The Office of Bank Supervision and Examination (OBSE), the country's banking watchdog, yesterday revoked the licence of the Seoul branch of BCCI.

That is the first step in the liquidation of the branch which has been operating since 1977 and which had its assets frozen on July 6. The liquidation process is expected to take up to six months.

Officials at the OBSE said there would be no problem in protecting depositors.

But exporters who used letters of credit from the Abu Dhabi-based bank are expected to suffer losses.

The Ministry of Trade and Industry in Seoul has estimated that the general trading companies, which account for most of the country's imports and exports, will lose a combined total of $22.8m (£13.5m).

The OBSE said that it will shortly file for liquidation of BCCI's Seoul branch with the High Court.

HONG KONG: Depositors with the Hong Kong subsidiary of BCCI said they had formed a company to seek a buyer to save the local bank from liquidation.

Members of the BCC Hong Kong depositors' committee said they had formed a limited company with the aim of speeding up the process of finding a buyer for BCCHK. Parties had shown interest in buying BCCHK, but they declined to name them.

Earlier, provisional liquidator Mr Noel Gleeson said he was still trying to find a buyer, but warned against over-optimism.

Members also said representatives of the bank's majority shareholder, the Abu Dhabi government, might visit Hong Kong soon but gave no further details of any possible rescue plans for the bank.

DOUGLAS: Depositors in the Isle of Man branch of BCCI hope Sheikh Zayed bin Sultan al-Nahyan of Abu Dhabi will consider them eligible to participate in his compensation scheme, the Manx High Court was told yesterday.

As the island is outside the UK jurisdiction, depositors in the Manx branch have been told they are not entitled to participate.

A petition to the Manx High Court for winding up the Isle of Man branch of BCCI was yesterday adjourned until September 10.

Discrimination 'ingrained' at western Europe's biggest employer of women

Health service accused of bias against women

By Diane Summers, Labour Staff

BRITAIN'S state-run National Health Service (NHS), the largest employer of women in western Europe, was yesterday accused by the Equal Opportunities Commission (EOC) of "paying lip service" to sex equality and displaying "deeply ingrained discrimination" towards its 1m female workers.

The accusation came as the London-based commission published a report which revealed that women were seriously under-represented in senior positions, despite making up nearly 80 per cent of the NHS' workforce.

Women account for only 17 per cent of unit general managers, 4 per cent of district and regional general managers, and only 1 per cent of consultant general surgeons.

Opportunities for promotion and training were found to be limited and inflexible working patterns were said by the EOC to be preventing qualified women from returning to work after having children.

Ms June Bridgeman, deputy chair of the EOC, estimated that, in crude terms, the health service was losing about £1.2bn of expertise each year among nurses who decide to leave work. About 30,000 nurses left the NHS each year and each nurse cost about £40,000 to train, she said.

The Department of Health, however, pointed out that the annual loss for nurses compared favourably with other sectors in percentage terms.

The net loss each year is said by the department to be 5.7 per cent. Of this, about 3 per cent is because of death or retirement. The net figure for teaching, another sector which employs a large number of women, is about 6 per cent, according to the Department of Education.

A survey of all health authorities in Britain carried out by the EOC for the report found that:

- 53 per cent do not offer any training opportunities for part-time workers and often down-grade women after career breaks or maternity leave.
- Part-time work is available to only 37 per cent of employees and those are mainly in low-paid, low-status jobs.
- 75 per cent of authorities do not monitor their equal opportunities policies to see if they are effective.
- While 90 per cent have equal opportunities policies, 78 per cent of these do not mention procedures for dealing with sexual harassment – a big source of complaint among female workers, according to the EOC.

Ms Bridgeman said of the survey: "Even the EOC – a hard-bitten crew – were a little surprised by what they found." The commission has put forward a plan of action to government ministers and officials at the Department of Health and would be reviewing progress over the next 12 months, she added.

The EOC's report was welcomed yesterday by the Royal College of Nursing which represents most nurses in state hospitals and other health service unions.

Mrs Virginia Bottomley, the junior health minister, said she recognised there was still work to be done in the field of women's employment. "Ministers and the NHS management executive have already taken a lead in ensuring the equality of opportunity for women throughout the service," she said.

Confusion surrounds official account of Iraqi exports

By Clive Cookson and Ralph Atkins

THE Department of Trade and Industry (DTI) may have confused a parliamentary committee with its evidence about UK chemical exports to Iraq, it emerged yesterday.

As officials at the DTI and Customs and Excise scoured their records for more details of what chemicals were actually shipped to Iraq, they were arguing behind the scenes about the way DTI had presented its evidence, published last week in a report of evidence to the House Commons trade and industry committee.

The report includes a list headed UK Exports of Chemicals to Iraq 1980-90, which contains 37 chemicals – described by one expert as "a perfect shopping list for someone setting out to make chemical weapons."

But officials said it was not actually an accurate list of what was sent to Iraq. It was possible that some or all of the chemicals had not actually been exported – other related chemicals might have been sent instead.

In addition, the DTI submitted figures for the value of UK chemical exports to Iraq for the years 1988, 1989 and 1990, obtained from Customs and Excise records. That table shows that £189,000 worth of thiodiglycol, the main ingredient of mustard gas, were exported, though there is a note that this "includes other chemicals." Yesterday a DTI official said: "No thiodiglycol was exported."

Mr Kenneth Warren, Tory chairman of the committee, has asked for details of end users, values and amounts actually exported of goods listed by the DTI. He has also asked for the names of companies involved in exporting the most sensitive goods, although the committee may agree with the DTI not to publish that information, citing commercial confidentiality.

Airline compensation scheme planned

By David Churchill, Leisure Industries Correspondent

A £1 levy on all passengers arriving at UK airports was recommended yesterday by the Civil Aviation Authority as a means of reimbursing travellers with scheduled airlines which cease trading.

The CAA's recommendation to Mr Malcolm Rifkind, transport secretary, follows the collapse of Air Europe earlier this year.

The airline's scheduled passengers were not covered by any statutory compensation scheme, unlike its charter passengers.

About 30,000 travellers held Air Europe scheduled tickets at the time of its collapse and are likely to receive less than 5p in the pound compensation when the airline's affairs are finally wound up.

Rifkind: considering plan

After the Air Europe collapse, Mr Rifkind asked the CAA for proposals to provide financial protection for scheduled passengers. The CAA suggests that a scheme covering "all passengers making an air journey to, from or within the UK would be the most desirable."

However, it suggests that a levy of £1 per passenger on all arrivals at UK airports – including internal flights – would quickly create a fund of between £25m and £30m to refund passengers.

This fund would be similar to the Air Travel Reserve fund created in the mid-1970s as a back-up system to refund passengers whose charter airline ceases trading and who cannot be repaid by other means, such as a bonding arrangement.

The Department of Transport said yesterday that it was "carefully considering" the CAA recommendations. It is expected that the proposed levy would require primary legislation, similar to that which set up the Air Travel Reserve fund, and therefore might not be introduced in the present parliament because of insufficient time.

Leading airlines do not favour the levy as they believe it would unnecessarily raise prices to protect weaker airlines. British Airways said yesterday that "it is unnecessary to levy a charge on all passengers to provide insurance for those who choose to fly with less financially sound airlines."

The CAA thinks that the risks of another scheduled airline failure are likely to increase in future "as governments encourage more private-sector ownership of airlines and allow a more competitive environment."

BT unveils sweeping new price structure

By Paul Abrahams

BT unveiled sweeping changes in its pricing formula yesterday, throwing down the gauntlet to Mercury Communications and other entrants in the newly liberalised British telecommunications sector.

The changes, allowed by BT's new licence agreed by the government this summer, include discounting for high volume customers and reductions of nearly 20 per cent on selected international lines.

Overall, BT's prices will fall by nearly 7 per cent less than inflation. This compares with previous reductions of 4 per cent less than inflation. BT claims that if volumes remained the same next year, the reduction would lead to a fall in revenues of about £100m a year. The company said it expected to compensate for potential revenue losses by increasing call volumes.

BT also announced it would increase line rental and connection charges by 7.8 per cent, the maximum allowed by the Office of Telecommunications, Oftel. This is a continuation of its policy of trying to avoid cross-subsidising lines through call charges. Prices for daytime trunk calls remain frozen, although local and cheap rate trunk calls will increase by nearly 5 per cent.

The proposals are more favourable to business customers than residential users, Oftel said. However, BT points out that the median residential customer's bill will increase by less than 5 per cent.

The proposals include:

- Automatic discounting for business and residential users with call charges of more than £100 a quarter.
- Optional discounting of up to 13.3 per cent for customers making calls worth more than £25,000 a year.
- Price cuts on 199 international routes. Calls to the US, Canada, Australia and New Zealand will cost up to 19.9 per cent less, while those to Japan and the EC, except for Ireland, will fall by 10 per cent.
- Cheap line charges and free calls for consumers using less than 120 units a quarter.
- A customer service guarantee scheme under which payments would be made to customers if lines are not installed in time or repairs completed within two working days.

The National Consumer Council criticised the BT package as one which will "mainly help business users and better-off residential customers while doing little to help low-income householders".

BRITAIN IN BRIEF

Power group raises coal campaign

National Power, the electricity generator, has written to the 12 regional electricity companies of England and Wales to enlist support for its campaign to take less coal from British Coal. In a letter leaked to the Financial Times publication Power In Europe, Mr John Baker, chief executive of National Power, told the companies they would be unable to compete with gas if the cost of electricity was kept artificially high by expensive British coal.

Oil output slips to 1.7m b/d

UK oil production slipped to an average rate of 1.7m barrels a day in the first half of the year, the lowest level since 1982, according to a report by County NatWest. Output fell 13 per cent from the same period last year as large shutdowns were made on pipeline systems in order to complete safety work.

Dover docks to shed 250 jobs

Up to 250 jobs are to be lost at Dover docks because of an expected loss of ferry traffic when the Channel Tunnel opens in 1993. The Board is cutting a quarter of its workforce, bringing it down to 600 by 1994. It is predicted the port will lose up to 40 per cent of its revenue when the tunnel opens.

Interest claims on VAT

Taxpayers who are overcharged value added tax can now claim up to 15 per cent interest from Customs and Excise. Interest claims, arising from errors by Customs and Excise, can be backdated to the introduction of VAT in 1973.

Claims must be made, however, within six years from the date the error was discovered or could "with due care" have been discovered and are liable to income tax, said the Customs and Excise department. The current rate of interest payable, set by the Treasury, is 12% from July 25, 1991.

Accountants in Docklands let

KPMG Peat Marwick, the UK accountancy firm, is moving part of its business to Canary Wharf, the new business centre under construction in London Docklands.

The agreement to take 81,000 sq ft of space in three floors of the Canary Wharf tower, the UK's biggest building, is the first firm letting that Olympia & York, the Canadian developers, have made this year.

Olympia & York also announced that another 86,000 sq ft has been taken by existing tenants.

DTI focuses on Venezuela

Venezuela is to be the target of a long-term concerted trade and investment initiative launched by the Department of Trade and Industry. Venezuela had been chosen because its economy was expected to grow by 6 per cent this year; investment of $48bn was expected in the oil and gas sectors alone over the next five years; and because it has embarked on a programme of privatising and liberalising its economy.

Trust seeks union deal

Northumbria Ambulance Service, a self-governing health service trust, is seeking a single union agreement with its 700 staff. The deal is understood to be the first by either an ambulance or a hospital self-governing trust.

Teachers have 'moral role'

Teachers should speak out on "great moral issues", especially the consequences of a rising number of single-parent families, Mr Peter Dawson, leader of the Professional Association of Teachers, has declared. He told the union conference at Liverpool that teachers had "to deal with the consequences of the collapse of the moral framework upon which our society is built".

Texaco changes contractors

Wincanton Distribution Services, a Unigate subsidiary, has won one of the largest road transport contract in Britain, for the delivery of petrol and other products for Texaco. Wincanton replaces Tankfreight, the NFC company, which has done the work since 1985, when Texaco closed its in-house operation. Tankfreight is sending redundancy notices to more than 250 employees.

Adult education 'jeopardised'

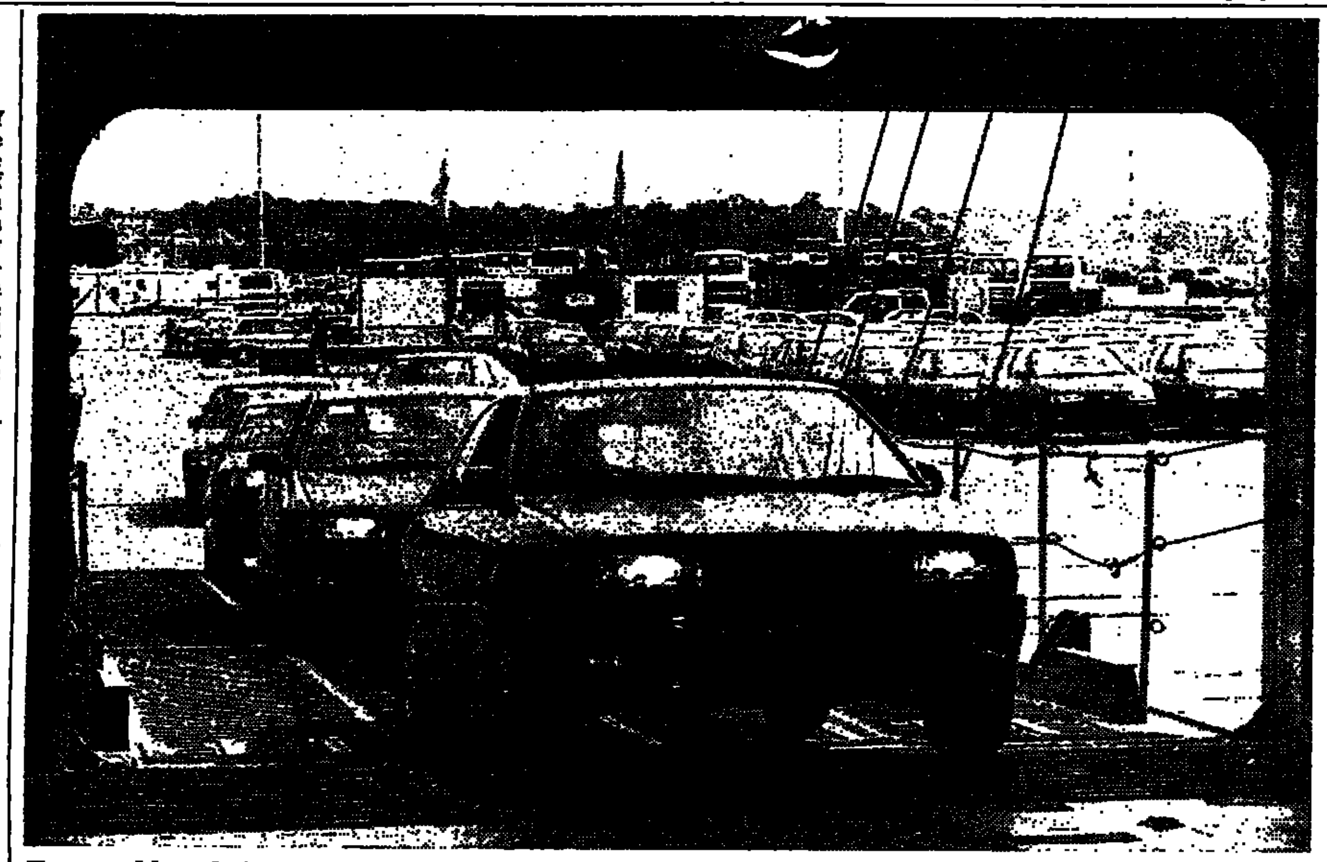
The government's policy document on education and training would, if implemented, severely jeopardise the future of adult education in England and Wales, the opposition Labour party has claimed. Mr Derek Fatchett, a Labour education spokesman, said a survey of local education authorities showed 92 per cent predicting "substantial" increases in fees for adult education classes if government plans went ahead.

House prices fall by 0.6%

House prices fell by an average 0.6 per cent last month, giving a total fall of 1.5 per cent over the 12 months to July, according to the Nationwide monthly house price index published yesterday. This compares with an annual decrease of 3.1 per cent in June.

Correction

In yesterday's edition of the Financial Times, a diagram was used to illustrate a story about the suppliers for Honda's new UK plant. Owing to an error, we published a diagram showing the suppliers to the new Toyota plant in Derbyshire.



Homeward bound: the first European-built Japanese cars for export to Japan are loaded yesterday at Southampton

Lilley hails car exports to Japan

NISSAN, the Japanese car manufacturer, yesterday exported its first European-produced vehicles to Japan in a move which Mr Peter Lilley, the trade and industry secretary, hailed as recognition of British innovation and economic strength.

The shipment to Japan of cars assembled at Sunderland, north east England, is the first by any of the Japanese motor manufacturers which have plants in the European Community.

Despite the sales slump in Britain's new car market and continuing recession, Mr Lilley claimed Britain was the world's most attractive environment for manufacturing investment.

He welcomed yesterday's exports, saying: "Overseas companies are recognising the underlying strength of the UK economy and the climate of enterprise, initiative and innovation we have created here."

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Midlands Electricity to compete with British Gas

By Juliet Sychrava

MIDLANDS Electricity plans to undercut British Gas by buying North Sea gas and selling it through the British Gas transportation system, the regional electricity company announced yesterday.

From September, Midlands Gas, a 75-25 per cent joint-venture between Midlands and the US electricity and gas company Utilicorp, will be the first company, excluding the oil majors, to compete with British Gas.

The move was warmly welcomed by Mr James McKinnon, the industry regulator, who said it could mean consumers were offered the choice of gas or electricity from a single supplier.

However, he regretted that under the terms of the 1986 Gas Act, the company would not be able to supply domestic consumers, or those taking less than 25,000 therms a year.

Midlands Gas will operate in a similar way to Midland Electricity's supply business, which buys and sells electricity, and will use its marketing expertise and customer base. Through Utilicorp, Midlands Gas has secured an initial 36 million therms of gas, from Amoco's interests in the Indefatigable and Leman fields in the North Sea.

The gas, worth around £12m, will be sold to medium-sized consumers taking between 25,000 and 250,000 therms a year, such as leisure centres or local government offices. Utilicorp is already negotiating for more gas.

Prices will probably be 5 to 10 per cent or 2p-3p per therm below the British Gas scheduled price.

Midlands Gas will also offer a fixed price, compared with the more complex deal British Gas offers its customers.

"Customers have told us they will buy from us at the same price as British Gas because our contract is so simple," Mr Bryan Townsend, Midlands Electricity chairman, said yesterday.

The new business would not, he emphasised, expose Midlands Electricity's main distribution business to any risk. It will require little outlay, since it will use British Gas pipelines, and gas will only be paid for as it is sold.

Mr Townsend said Midlands Gas could eventually make a contribution of around 5 per cent to the company's profits.

British Gas welcomed the announcement.

Couriers prepare to put their stamp on the post

Plans to end monopoly on letters present a tough challenge to the private sector writes **Tim Lawrence**

SEVERAL private courier companies are secretly preparing, but amid considerable confusion, to respond to government plans to deregulate the Post Office and liberalise the letters market.

The companies have scant guidelines to work out how to break into the Post Office's market because the details are being negotiated with Mr Peter Lilley, trade and industry secretary.

So far he has simply indicated that opening up the £4.7bn operation to competition will "improve quality, choice and value for money" for consumers.

This is not the first government attempt to break up the Post Office. When the first Thatcher government started to gnaw away at the telecommunications monopoly, the Post Office appeared to panic at the prospect of competition.

A confidential Post Office report in 1982 gloomily predicted that Royal Mail traffic could decline by up to 35 per cent due to the erosion of the Post Office monopoly. At present no competitor is allowed to charge less than £1 for delivery of a letter by first-class post. The report was also gloomy about the launch of Homefast, a private parcel delivery service, by TNT, the Australian-based delivery company. Homefast could threaten the Post Office's whole parcel contract business, the report said. But within three months the business closed.

The Post Office's response to the government proposals in the Citizen's Charter, unveiled last week, to reduce the £1 tariff nearer to the cost of a first class stamp and open up the letters market could not have been more different. Sir Bryan Nicholson, chairman of the Post Office, welcomed the chance to compete with private courier companies provided it was on a "level playing field".

Now, as before, the commercially aggressive TNT is a likely competitor in the new market - which will probably involve sorting and transporting, with the Post Office retaining its near monopoly at the collection and delivery points. But Sir Bryan knows that the courier companies face considerable obstacles to mount a successful challenge.

"The Post Office has dramatically improved its service and the position is entirely different to that of two to three years ago, when there were two national strikes," said Mr Alan Jones, managing director of TNT. "The Post Office management has got its act together and the quality of service has gone up by leaps and bounds. There isn't the gap there was before."

TNT could still launch a significant challenge, according to industry opinion, but other major courier companies are adopting an extremely cautious approach.

Federal Express of the US will not enter the first class mail mass market, according to Mr Cliff Morley, communications manager at UK Federal Express. The company is interested in high priority time-sensitive documents and packages, not the delivery of millions of low cost items.

POTENTIAL COMPETITORS

UK operations	EMPLOYEES	VEHICLES	BRANCHES	PARCELS/DAY
DHL	1,700	650	30	14,200
Federal Express	7,000	3,000	60	200,000
National Freight / Lynx	3,600	1,400	40	68,500
Securicor	7,000	3,000	146	214,285
TNT	7,500	4,000	350	191,700
UPS	1,173	252	30	none

Mr Paul Schlesinger, analyst at the US investment broker Donaldson, Lufkin and Jenrette, argues that the delivery of first class mail is unlikely to be sufficiently remunerative to interest Federal Express. Also its network is not designed to take on such an operation.

United Parcel Service (UPS) does not run a domestic service in the UK and will not be affected by the new market in letters. It plans to launch a domestic operation in the UK - it already has them in Belgium, France, Germany, Italy, Spain and the US - but this would concentrate on parcels rather than documents and letters.

Securicor Omega Express, one of the largest domestic courier operators, is in a strong position to enter the market because of its size, but it has not yet declared its intentions.

"We have 3,000 vehicles covering the British Isles and we would be prepared to trunk mail around the country. But we are finding it very difficult at the moment because the government's intentions are so vague," said Mr Pat Howes, chief executive of Securicor Omega Express.

Mr Peter Davies, UK managing director of DHL, a courier services company, has said that competition with the Post Office in first class letters is not a priority. He added, however, that liberalisation would help DHL efforts to improve customer services.

The couriers have good reason to be cautious in their response to the proposals. Not only is the Post Office a formidable opponent, but Mr Peter Lilley, trade and industry secretary, has made it clear he will not allow competition to undermine "the principle of a nationwide service with a uniform, affordable price structure". "Cream-skimming" - couriers taking profitable urban business, leaving the Post Office to deliver to rural areas - will not be allowed to happen, the DTI said.

Finally, the couriers face the problem of convincing the public that they can provide a cheaper and more efficient service than the Post Office.

Much will depend on the outcome of negotiations between Mr Lilley and the Post Office. One subject will be whether couriers will be allowed to operate in specific regions if they are considered incapable of offering a national service.

But the strength of the Post Office - surveys have shown it is the cheapest in Europe and provides the best value for money - makes a major challenge to its first class letters service unlikely. Segmentation – involving competition in specific areas of Post Office business, such as collection or sorting – might occur, but even that will take time.

Niche markets could develop. For example, Mr Alan Soper, managing director of Lynx, the parcel arm of National Freight, hopes deregulation will help his company develop their contract courier operation, which involves the movement of mail between predetermined points.

This will not upset the Post Office's dominance, just as TNT's Homefast challenge failed to reshape the market. Sir Bryan realises this. He has done his history homework.

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MANAGEMENT

Toyota's Derby assembly plant

Building on trust and team spirit

Andrew Taylor reports on a mutually constructive approach

Construction companies in Britain have been criticised – sometimes fairly – for failing to build on time and to budget.

The cost of prestige projects such as the Channel tunnel has risen by more than 50 per cent as contractors and client argued over who is at fault and who should pick up any consequent bill.

Clients complain about a "claims culture" among contractors and subcontractors whereby they expend more energy protecting their individual financial and legal positions rather than working together to produce a common solution to problems.

Richard Griffiths, a senior vice president of Olympia & York, the private developer of the £4bn Canary Wharf development in London's docklands, says that the problems of construction in Britain are the result of business attitudes which encourage an adversarial relationship between the many professions and trades which work on a development. They are not the result of a lack of physical skills.

Britain is capable of building efficiently. Standards achieved during the construction of the £2bn Broadgate office development next to Liverpool Street station in the City of London equalled the best US performances for speed and quality of construction. Construction work at Sizewell B, Britain's first pressurised water reactor nuclear power station, is currently running 8½ months ahead of schedule.

Despite rows over costs, Sir Alastair Morton, chief executive of Eurotunnel, says civil engineering and construction of the tunnels and terminals for the Channel tunnel "is virtually the same as the original schedule submitted to the British and French governments in 1985". This is remarkable given that detailed designs for some parts of the project were not completed until the beginning of this year.

Close to Derby, Toyota is building a £700m car assembly plant. The Japanese motor group has been delighted with the performance of the UK contractors building what will be one of Europe's biggest industrial complexes. More than 50 separate subcontractors and 2,500 workers have been employed on Britain's second largest building project after Canary Wharf.

Construction, which began on May 1 last year, is due to be completed by February 1992, within Toyota's original schedule and budget established in

Hidenori Kaiyama: discussion encouraged

October 1988, even though the details of the designs have only evolved as construction has taken place. This has meant that contractors, subcontractors and designers have had to be fleet-footed to ensure that any sudden changes in direction could be accommodated without lengthening construction times or increasing the budget.

When completed, the car plant will initially employ 1,700 workers producing 100,000 vehicles a year. Prototype production of cars is due to start next June, with commercial production scheduled for December 1992.

Bernard Ainsworth of Laing Management, part of the building and civil engineering group and project director for the Toyota plant, says: "It is important to study the management structure and characteristics of successful construction jobs to see whether they may provide lessons on how to improve practices on other contracts.

"It might be suggested that work has gone well simply because contractors have been working for a Japanese client which has been able to establish business relationships and a disciplined way of working that British companies are unable to achieve by themselves.

"Yet I have worked on equally successful and well organised jobs, involving all-British clients and contractors – most recently a £15m shopping centre for Greycoat in Newcastle which was also completed within budget and schedule."

The Toyota plant, covering more than 200,000 sq metres and incorporating more than 20,000 tonnes of steel, is on a far grander scale than the Newcastle shopping centre. The ingredients required for successful construction, however, are broadly similar. These include:

- A well organised client which knows clearly what it wants and is prepared to work closely with contractors to achieve its aims. Toyota, which has employed Shimizu of Japan as contract administrator, has a senior construction team permanently on site with the authority to react immediately to problems without having to refer continually to higher management.
- A close-knit construction team which, although employed by separate companies in different professional disciplines, is able to forge a common purpose to benefit the project as a whole and not just individual companies. Ainsworth says there was a preference to employ subcontractors which had previously worked together. He says: "Following the lead of Toyota and Shimizu, we did not simply accept the lowest tender but looked for the best price for the job as a whole. This included consideration of a subcontractor's ability to work in a team."
- Regular and free flow of information to all those involved in the project. Individual subcontractors formally meet the relevant project manager and representatives from Toyota and Shimizu at least once a week. Each meeting lasts between one and two hours but would be attended by only a small number of senior managers so as not to delay construction. There are also formal weekly co-ordination meetings, attended by all the subcontractors working on site, which last about 45 minutes. "The aim is to make sure everybody knows what is going on and can plan for problems which may have a knock-on effect on their part of the project," says Ainsworth.
- Frank and immediate discussion of problems as they emerge. Hidenori Kaiyama, joint managing director of Shimizu UK and the Toyota project director, says: "We encourage people to discuss problems instead of exchanging letters. Letters can sit on desks waiting to be answered while formal responses are prepared. We would prefer to sit down and discuss problems first hand with those involved."

Colin Beere

Bernard Ainsworth: making sure that everybody knows what is going on

The aim, according to Kaiyama, is to develop a feeling of shared responsibility among the separate trades so that decisions can be reached by consensus, reducing the threat of confrontation between the different companies. This, he says, is easier to achieve in Japan where business relationships are forged over many years. Shimizu, for example, has worked for Toyota for about 40 years and helped build its Canadian plant.

Ainsworth says: "It is much easier to build up a relationship of trust and co-operation if companies can expect to win repeat business. Some construction managers in the UK are starting to realise the benefits of using subcontractors they can trust, rather than simply opting for the lowest price for the job."

The result has been a rate of construction at the Derby plant which has matched the best times achieved by contractors in Japan. Disputes between main and subcontractors have been fewer than would normally be expected in Britain on a project of this size and complexity, he says.

The decision to start construction before designs had been completed meant that subcontractors had to be sufficiently flexible to cope with late breaking designs and changes to the schedule.

Wetter than expected ground conditions, for instance, led to an early decision to double the number of concrete piles from 1,100 to 2,200. This meant employing an extra contractor at short notice to help with the work. The extra cost, running into several million pounds, was absorbed into the original budget by finding savings in other parts of the project.

A temporary ring-main, involving half a kilometre of piping, had to be installed to help drain the site of the paint shop. Ainsworth says: "Because we had prepared carefully, we were ready to cope with this sort of contingency. We could react swiftly to overcome problems. Moreover, we knew we had the support of our subcontractors."

In another instance, the layout of the assembly shop was changed just before foundations were due to be dug. This meant bringing forward other works. This type of last minute rescheduling can be very costly and could lead to substantial claims for extra payment from subcontractors affected. In this case, the issue was resolved swiftly and no time was lost.

Contractors say that jobs like the Toyota plant and Broadgate provide a model of how projects should be organised. There has been a big improvement in construction standards during the last decade but more needs to be done if contractors are to raise their performance further.

Breath of fresh air for NHS training

By Alan Pike

A country house somewhere in south east England is about to find new life as a National Health Service management centre.

There are already plenty of NHS training centres. This one is intended to be more than a training centre and more than a building. It will symbolise the enhanced importance of management in the reformed NHS and is intended to help develop a stronger managerial culture within the service.

The management needs of the NHS are vast. People are required who can control billion-pound budgets, others who are capable of managing highly specialised professional services and many more to run smaller local units. But although the service spends £600m a year on training, Eric Caines, NHS director of personnel, admits that it is "failing to provide enough really tip-top senior managers".

Management consultants working in the NHS describe the service's best managers, who often have to handle problems of greater complexity than many of their private sector counterparts, in flattering terms. But, as Caines acknowledges, there is an insufficient depth of talent and experience reaching down into the vast organisation.

Although the problem is not new, the need to solve it is now more urgent. The NHS is being decentralised under government reforms, with managers in health authorities and hospitals having to take executive responsibility for issues which would previously have been referred to superiors.

As well as creating a growing need for managers capable of taking on higher-level responsibilities, this has raised another problem which the proposed management centre is intended to help resolve. The reforms involve devolution; they are not meant as a recipe for total local autonomy. Health authorities, unlike local authorities, are part of a single national organisation and must be managed accordingly.

Caines and his colleagues on the NHS management executive nhancing a national managerial ethos within the devolved service.

"For 40 years since the NHS was formed, managers have depended on the central NHS management," says Caines. This had led to weaker managers being spoon-fed and the more independent-minded ones having the central management's medicine "thrust down their throats. Now they must all take more responsibility, but it is important that we maintain a sense of belonging and develop shared values."

William Waldegrave, the health secretary, believes that the proposed management centre will help generate this sense of shared values and is giving the project strong backing. He decided that it was important to give the drive for more coherent managerial attitudes physical expression in a staff college, rather than simply relying on conferences and other forms of communication.

The new centre will bring together decision-makers – permanent managers and the increasing number of doctors and nurses who have part-time managerial functions. One of the NHS's difficulties is that the emergency services atmosphere which characterises the glamorous end of its work infects the way it is managed. Crisis after crisis is expected, awaited and tackled, leaving too little time and energy for long-term thinking.

Caines wants the new institution to become a "dynamic centre" for such thought. "It will not be an exclusive country club for senior staff but a place where practitioners learn from each other. We have to create the notion of a learning organisation within the NHS management."

So the centre might, for example, generate ideas on how the NHS is going to manage the huge growth in demand on its resources caused by the ageing of the population – an issue which will grow in scale into the next century – as well as more immediate managerial questions.

To help enhance the thinking process, the centre will have a small, permanent academic-like team developing ideas. It may, if the eventual location proves suitable, also provide a home for other NHS research and training activities with the service's Bristol-based training directorate a likely first candidate.

TECHNOLOGY

A race for publicity

Andrew Jack describes why Rank Xerox is sponsoring the Barcelona Olympic Games

As athletes around the world brace themselves for competition at the 1992 Olympic Games, a number of companies are gearing up for a different type of race in Barcelona.

While sportsmen and women from as many as 167 different countries compete for gold medals, corporate sponsors of the games will be using the event to boost business.

The world's largest sporting spectacle may not provide the best opportunity for experimenting with new equipment, but it will offer an ideal way for manufacturers to show off existing machines and raise their profile with potential customers.

Rank Xerox is a prime example. As one of the eight "joint partners" in the top sponsorship category of the games, the company has had to contribute the equivalent of Pta 2.5bn (£13.6m) for the privilege.

However, rather than contributing cash, it has chosen to supply substantial quantities of document processing and electronic publishing equipment. There will be 500 copying machines on loan to the Olympic committee – some at each site, and others at an electronic publishing centre – churning out an estimated 200m copies by the end of the games.

Other Xerox devices to be used include laser printers, facsimile machines, electronic typewriters, personal computers and scanners: a total of 1,945 pieces of equipment to be installed by the start of the games.

There is nothing particularly sophisticated or innovative about the machines being provided. However, Xerox is particularly proud of a specially packaged version of some of its existing products into a device called the Xerox Information Point (XIP), also known as electronic pigeonholes.

Specially designed for the Olympics, the XIP comprises a Xerox personal computer and laser printer. In previous Olympics, human runners have taken hard copies of results from individual events to the press room and other offices, where they have been placed in pigeonholes. For the first time next year, this information will be carried electronically.

Results are passed to an IBM mainframe computer where they are compiled and then distributed to the 52 different Olympic sites by a Xerox Ethernet local area network.

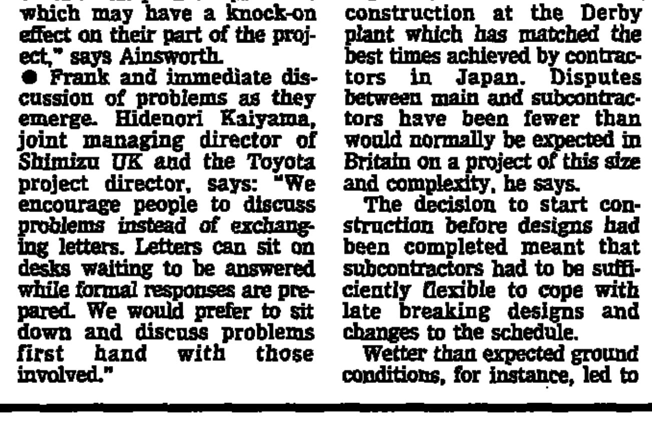
Nearly 600 XIPs will be in use at the sites. Each has a touch-sensitive screen, which allows users to call up data by simply pressing on the appropriate place. They can choose to call it up in one of the four official languages (English, French, Spanish or Catalan). Results from any sporting event can then be printed on a high-resolution laser printer contained within the machine.

The XIP was designed by Xerox Spain in consultation with the organising committee. The exterior design was commissioned from Ramon Benedito, a well-known local industrial designer.

The company points to the fact that while Xerox affiliates have sponsored Olympic events since 1964, Xerox Spain is the first to create a customised device. In previous games, the company merely supplied off-the-shelf copiers.

Over the next few days the Olympic organising committee is running a series of athletic events which will give the organisers an opportunity to test their systems and inspect logistics.

It has also provided journalists with a chance to use the electronic pigeonholes for the first time, and for Xerox to gauge their reactions. Initial impressions appear to be positive.



Cobi, the Olympics mascot, enthuses over one of the information points supplied to the city of Barcelona

However, some people question why it is not possible to call up results information directly on to computer screens, rather than having to print it out. The use of a laser printer in each XIP means a delay of at least 20 seconds after requesting information before it is printed.

Xerox staff are unperturbed by the size of the sponsorship which the company has provided. They point out that is a notional figure based on the retail value of equipment; and that many of the machines provided will later be sold. The company has received financial support from its US and UK partners, and gains tremendous opportunities to use the Olympic mascot – a Catalan dog called Cobi – for publicity purposes.

The XIP has already found alternative uses. The City of Barcelona has tentatively agreed to buy 85 of the Olympic machines at a reduced cost of around $2m, and an annual maintenance fee of $2,000 each. The XIPs, which will be known as citizen information points, will be spread around the city.

By entering their name and identity card number, any resident will be able to receive a series of official documents, including certificates of residency, and certificates of payment for items including taxes, cars and building permits. Xerox is already beginning to look at other potential uses for its information points.

Clean sweep of the road

If anyone can glamorise the rubbish industry it has to be the French. Soon to be seen scooting about the streets of Camden, north London, is a small family of streamlined, futuristic vehicles that vacuum debris and blast dirt.

A year ago Onyx rose from the ashes of a failed French-UK joint venture. The company is a wholly-owned subsidiary of the French waste management group CGEA, and brings with it an array of specialised equipment. It took over the refuse collection and street cleaning from Camden's own council contractors yesterday.

A combination of growing volumes of refuse, the recent Environmental Protection Act and the new Litter Code, which stipulates a maximum "response time" to public complaints about litter, finally overwhelmed Camden's available resources. For around £4.5m a year Onyx's little army of sweepers, vacuums and high-pressure cleaners will march on the 110,000 tonnes of refuse dumped in the borough annually.

Apart from the regular refuse trucks and mechanical sweepers routinely seen on the streets of Britain, this includes an operator-driven large vacuum cleaner on wheels called Eole and the curiously named Girolav, which blasts surfaces with pressurised streams of hot and cold water. The Scarabee, used in France to magnetically lift the grate over tree roots and vacuum underneath, may not be applicable in the UK but Onyx plans to develop and adapt its machines to fit the jobs required.

Onyx has designed, but not manufactured, all of its own equipment. "The needs of our clients are such that if we can't find the appropriate equipment in the market we feel it necessary to develop our own, mainly in France," says Nicholas Bardis, chief executive in the UK.

UK-made machinery will be bought and used where appropriate and the company plans to develop equipment for the UK market, starting with new sweeping technology.

The four-wheel drive Eole suction cleaner will trundle about littered areas such as marketplaces powered by a diesel engine which goes a maximum of 15.2km per hour. It weighs less than a tonne. "This is a pedestrian area vehicle, so it has to be pedestrian friendly. It has to be slow, noiseless and light because it works on pavements," says Bardis.

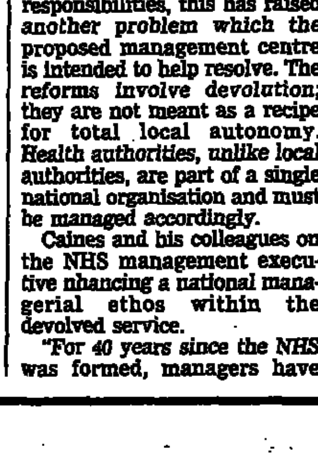
The driver operates the vacuum hose manually. However, the new model – the third-generation Eole – is remote-controlled from within a glass module.

The Girolav three-wheeler is a much bigger streamlined vehicle weighing four tonnes. A 4-cylinder Renault diesel engine provides enough power to travel up to 35km an hour. Using just high-temperature water blasted under high pressure and no chemicals, the Girolav blasts away ingrained dirt and grease on roads and precincts.

Onyx also specialises in graffiti removal using water under high pressure or fine sand and sometimes chemicals. This blasting equipment fits into the back of an ordinary van – important to Onyx's concept of inconspicuous and inoffensive service.

Onyx has contracts with 20 different councils in the UK. Camden is the biggest in the UK so far, and the company recently won the contract for Liverpool after the city's protracted dispute over whether the service should be put out to contract was resolved.

Christine Griffiths



WORTH WATCHING

by Della Bradshaw

CFCs in for an electric shock

ONE of the biggest uses of chlorofluorocarbons (CFCs) is in the electronics industry, where the liquids are used to clean the printed circuit boards after the electronic components have been soldered to them.

Now Cookson, the London-based materials group, together with its Canadian subsidiary Electrovert, have devised a way of attaching components to printed boards while minimising the use of the acidic flux which is removed by the CFCs.

The flux is used to remove the oxides from the boards before they are passed through the soldering equipment. Cookson's development is to carry out the soldering in an oxygen-free environment – only nitrogen is present – so oxides do not form. In some cases the flux is not needed at all, in others low solid fluxes can be used which are easier to remove.

The technology has been incorporated in Cookson's Atmos 2000 wave soldering system, and can be fitted to existing equipment.

- SmithKline Beecham, the pharmaceuticals company, has developed a combined propellant and refrigerant which does not contain CFCs. The methoxymethane and isopentane mix will be used in the company's topical analgesic Ralgex – the freeze spray used by many sportspeople to bring instant relief from pain. The rapid cooling of the skin is part of the pain-numbing process.

On the road to fuel efficiency

ENVIRONMENTALLY-MINDED motorists will soon be able to buy tyres which reduce petrol use by 4 per cent, writes Karen Zagor.

Goodyear hopes to have its new tyre, the Invicta GFE (greater fuel economy), on the road by September at a price only slightly above the company's most popular brands. Goodyear said motorists could save half the purchase price in fuel savings over its lifetime.

The all-season steel-belted radial tyre works by reducing "rolling resistance", the friction between the tyre and the road, by using a new polymeric compound. The company claims its new compound reduces this resistance by 20 per cent over any of its other tyres. Some analysts were sceptical about what Goodyear claims is "a quantum leap in complex rubber chemistry", describing the process as more evolutionary than revolutionary.

Goodyear says that the beauty of this tyre from the consumer viewpoint is that it combines fuel efficiency and environmental consciousness without sacrificing the three things consumers want most – tread mileage, the tyre's grip on the road and overall performance.

Grocery index takes the biscuit

NIELSEN, the marketing research company, is to launch a new generation of information services for the grocery industry next week, writes Philip Rawstorne.

Based on electronic point-of-sale scanning at supermarket checkouts, a new grocery retail index will provide the fastest and most accurate monitor of consumer sales available anywhere in Europe, it is claimed.

The company says it will halve the time taken to gather data and provide initial analysis of purchasing habits. More than 55 per cent of packaged groceries sold in the UK pass through supermarket scanning checkouts. By 1995, the proportion is expected to rise to 80 per cent.

Nielsen, which pioneered the use of scanning data, has spent three years developing its new systems. The technology has brought greater accuracy in recording data – barcodes enable individual product lines to be identified – as well as faster delivery of information to retailers and manufacturers.

"The retail index will provide the definitive monthly measurement of consumer sales across the entire trade," says David Timberlake, marketing manager.

The system promises substantial marketing advantages because it can be used to measure more precisely and quickly the effects of pricing, advertising and promotional initiatives on sales. The influence of external factors such as seasonal peaks or weather conditions can be quantified and predicted.

PC smokes out forest fires

INFRA-RED heat sensors, more normally associated with military applications, are being used by a subsidiary of Thomson-CSF, the French electronics company, to seek out forest fires.

The thermal camera, developed by Thomson Surveillance Video, can detect a 10cm square forest fire at a distance of 12 kilometres, say the manufacturers.

Thomson envisages the equipment being attached to fire-lookout posts dotted around forest regions. From there the camera will be able to scan an area with a radius of 20km. Once a fire is spotted the camera sends pictures of the incident to a PC screen for the emergency services to act upon, with the flames displayed as bright spots on the image.

The ripe way to eat cheddar

A FASTER ripening cheddar is the promise of research into enzymes being carried out at the St Hyacinthe food research and development centre in Quebec.

Researchers there have taken strains of the lacto coccus enzyme, normally found naturally in milk products and used in the ripening of cheeses, and refined them so that they mature the cheese more rapidly. The process is now understood and the centre is working on how to control the technique so that it can be used in large-scale cheese production.

Contacts: Cookson: 071 606 4400. Electrovert: Canada, 514 [illegible]. SmithKline Beecham: UK, 081 560 [illegible]. Goodyear: UK, [illegible]. Nielsen: UK, 0865 742742. Thomson-CSF: France, 1 49 [illegible]. St Hyacinthe Food Research Centre: Canada, 514 773 1105.

Rare Buddhas from China

The colossal 5th century sandstone Buddhas, 26ft or even 45ft high, hewn out of the rockface in hollowed-out caves at Yungang, are famous and justly celebrated images from Shanxi Province in North China. Free-standing statuary, sculptural reliefs and wall-paintings from Shanxi's cave temples are also widely known in the West through museum collections in Zürich, New York, Philadelphia, Toronto and Kansas City.

Far less familiar outside the People's Republic are the Buddhist monasteries scattered throughout this remote region. Many of these medieval wooden structures have escaped the ravages of fire, civil war and the international art market, and survive more or less intact, their interiors resplendent with outstanding polychromed clay-stucco, rather than stone, sculpture and wall painting. No where else in China, save the great cave-temple sites, do so many Buddhist images and groups of images remain in their original surroundings.

Thanks to a remarkable collaboration between the Buddhist Cultural Research Institute of China, the Cultural Relics Bureau of Shanxi Province, the Buddhist Association of China and the Po Lin Monastery and Chi Lin Buddhist Library in Hong Kong, the Buddhist images and often complex monumental groups of 14 monasteries have been magnificently photographed for the first time. The results are nothing short of a revelation.

Buddhist Sculpture of Shanxi Province (Hong Kong; the Buddhist Association of China and the Po Lin Monastery and Chi Lin Buddhist Library, $HK800) is now available – in Chinese. Future editions in English and Japanese are planned. Meanwhile, a selection of photographs, some 3ft by 4ft, is on show in Beijing and in London, at the Percival David Foundation of Chinese Art (53 Gordon Square, WC1) and the nearby School of Oriental and African Studies in Thornhaugh Street, until August 15. The photographs came to London thanks to the initiative of the photographer Zhuang Xiao Ming and of Professor Roderick Whitfield – and to the energies of two nuns in Hong Kong. Larger exhibitions show at 10 venues throughout Hong Kong from late August to October.

Immediately striking, especially when looking at the Ming Dynasty monasteries of Shuanglin and Guan Yin, is the extent to which the presentation of Chinese Buddhist sculpture in the West is misleading, however inadvertently. All religious sculpture in a museum – whether Greek, Gothic or Baroque – is seen out of context and in splendid and unnatural isolation. What is so unexpected, even shocking to the Westerner confronted with these images in situ is the screaming contrast between the serenity, simplicity and restraint of the deities and the near chaotic business of their immediate surroundings. Not one inch of wall or modelled surface seems to be left unadorned. Unfortunately, these photographs show tantalisingly little of the sculpture's relationship to architecture and wall painting.

Visitors to the Percival David Foundation and SOAS should not come prepared for an elegant, coherently hung exhibition – or any information beyond brief captions. At the Percival Davidthe colour photographs are hung almost randomly where space permits between the vitrines of exquisite ceramics. In the less promising SOAS lecture theatre foyer they are an even sorrier sight, propped up in display cases. Nonetheless, they manage to transport one halfway to sacred Mount Wutai – or at least make you long to make the pilgrimage. Shanxi's monasteries are witness to the virtuosity of its craftsmen and to the faith of its people. They also serve to document the evolution of Buddhism in China.

Monumental figurative sculpture, like Buddhism itself, was a foreign import. To some extent, it developed only to meet the iconographical demands of the religion. The earliest sculpture illustrated belongs to what has recently been found to be the oldest wooden structure in China: the small hall at Nanchan Monastery on the southern outskirts of Mount Wutai. This sacred "Mountain of Five Terraces" was thought to be the earthly abode of the Bodhisattva of Wisdom, Manjusri.

Bodhisattva Samantabhadra (centre) with attendant and disciple;Liao dynasty, AD1038. Lower Huayan Monastery, Datong, Shanxi Province

A beam dates the building to 782 and to the Tang Dynasty. On a dais almost the size of the room, is a tableau of Buddha surrounded by his retinue of deities, most of which Prof. Whitfield believes to be Tang but repainted. There is just about enough room to allow visitors to walk around the 17 figures – which include the Buddha Vairocana's lion and his negroid tamer – in the traditional Indian rite of circumambulation.

Another precious survival is the Liao Dynasty Lower Huanyin Monastery at Datong, dated to 1038. Looming inside this dark hall is a tight grouping of Buddhas of the Present, Future and Past, all seated on huge lotus flowers and backed by flaming mandorlas of painted wood that raise them to a height of over five metres. The group is highly sculptural and very powerful. Its polychrome is probably original, a rich deep crimson and dark green with splashes of gilding. It is quite different from the garish scarlet, green and white of the impressive attendant figures at Zhenguo of less than 50 years before. Their varied head-dresses – with their scrolling plant motifs and sinuous dragons – relate to the splendid surviving silver and silver-gilt crowns and head-dresses that demonstrate the mastery of the Liao goldsmiths.

The Bodhisattva Guanyin in the Hall of the thousand Buddhas at Shuanglin Monastery, Pingyao, is further evidence of how fleshy forms, flowing drapery and flying scarves and ribbons, are particularly suited to the modeller's, rather than the carver's, art, where clay is used over an armature of wood or bundles of brushwood. Guanyin became one of the most popular deities in the Buddhist pantheon, a compassionate and accessible being dedicated to helping mankind – and increasingly feminine if not quite female.

Here, calm and tranquil, Guanyin sits on the sea-girt fabled Mount Potalaka, a scaly sea monster disappearing underfoot. The grotto imagery extends to the canopy above and to the five registers of 2ft high figures in rocky niches that line the walls. Some 2,000 images tell the life of the historical Buddha Sakyamuni at Shuanglin.

Susan Moore

La Fille mal Gardée

COVENT GARDEN

Has it really been 31 years since we first saw Ashton's version of *La Fille mal gardée*? The years and the performances have flown on feet as swift as those of Nadia Nerina, the first Lise. Looking delightedly at *Fille* for at least the hundredth time on Wednesday evening, I could marvel still at its unchanging felicities. With what sunny skill did Ashton combine character dance with classicism. And with what a sense of relief did he free himself from the complications of three-act form (after *Cinderella*, *Sylvia*, *Ondine*) and show how the simpler requirements of two acts could carry the story joyously forward without interruption. *Fille* awoke in him those feelings of pastoral lyricism that are a vital pulse through English art, and had he never made another work we should recognise in this masterpiece that Ashton was a major poet.

Thirty years of constant performance have brought some shifts of emotional emphasis to the ballet – there was a tenderness, an innocent sweetness, to the way Nerina and David Blair played their love-scenes which no-one afterwards ever matched – but as given by Birmingham Royal Ballet in their current Opera House season, *Fille* is still an unalloyed joy. Miyako Yoshida is a Lise who touches in every action, every step with the lightest, surest means. Her dancing is clear, brilliant, true – there is enormous pleasure in watching each transcendent moment presented with such felicity and delicate ease – and she plays Lise with a charming sparkiness that lets us know she is her doughty mother's daughter. From David Yow a Colas alert and ebullient in technique – it is the best thing I have seen him do – and unabashedly in love with his Lise.

The rest of the BRB performances were no less engaging. I think David Morse an excellent Simone. He lets us understand the three levels of the role: an interpretation of unquestioned masculinity (no drag-queen posturings) that yet accepts the comic conventions of travesty playing and also finds a dramatic essence in the characterisation of a woman eager to marry her daughter well. The balance is difficult to sustain: Mr Morse, underplaying superbly, is funny, resourceful, and in the final scene – when the marriage contract has been torn-up – wonderfully true to life. Vincent Redmon is an Alain whose bewildered gaze hides real feelings; Desmond Kelly a fine and blustery Thomas. There were, though, a few boisterous moments – on stage and in the pit – which looked and sounded garish. *Fille* is not farce, but a pastoral comedy, and needs no nudges or vulgarities to tell us of its humour.

Clement Crisp

Mozart and Mahler

ROYAL ALBERT HALL, RADIO 3

Mark Elder conducted Wednesday's BBC Symphony Prom, which included more Mozart – the early E-flat Piano Concerto, K. 271 – and Mahler's *Das Lied von der Erde*. Neither Elder nor his soloist Stephen Hough sounded quite easy with the concerto; the Allegro began brightly but developed no other manner, and they clumped into the recapitulation as if by accident. Good tempi for the remaining movements, the Andantino not dragged out and the Presto rattling along properly; but the former evinced little feeling, (despite manful efforts to generate some), and in the latter the racing piano was bass-heavy and the enclosed Menuetto dull.

Elder had plenty of ideas about the Mahler, many of them effective, and two lusty-throated soloists. Gary Lakes' tenor, not particularly beautiful in itself, is strong, reliable and well employed. Only the irony for "Von der Jugend" was missing (taking the song under tempo didn't help), and credible German "r"s instead of his rolled Italian ones.

The mezzo Linda Finnie displayed impressive reserves of power, unflagging to the end, and some gorgeously burnished phrases: one could forgive some over-operatic moments in the "Abschied". One wished her longer lines still. The chance of sustaining them must vary inversely with the quantity of tone being poured out, which was considerable here.

Long lines were not a priority for Elder, either. The high strings, floating and soaring, often played second fiddle to jostling woodwinds, whose roles Elder frequently highlit: interesting, for once in a way, but rather consciously experimental. The licensed wind solos were fine – William Houghton's trumpet in the opening song precisely delicate in the right places as well as cutting, and Michael Cox's flute wonderfully limpid in the "Abschied". (Which began too slowly, like the third and fourth songs: *Das Lied* really needs to be kept moving in the middle, if the close is to have its full weight.)

Elder arranged his orchestra unconventionally, by modern standards; in particular, I thought his dividing the violins to left and right in the old-fashioned way brought many textural benefits. All in all it was a performance of many rewards, if not one that was moving to the ultimate degree.

David Murray

Lipstick Dreams

GREENWICH STUDIO THEATRE

Linda Hartley

After Australian soap on television, here it is on stage and there is no reason why it should not be equally successful. Even one of the stars is the same. Linda Hartley plays Kerry Bishop in the television series *Neighbours*: she reveals greater talents when she is allowed to act, sing and move in *Lipstick Dreams* and do it live. It would be an exaggeration, however, to say that this is entirely Ms Hartley's show. All three other women in the cast are remarkably good.

Don't look for originality: just admire the professionalism of old tricks well done. The piece has *Shirley Valentine* written all over it. Every turn in what story-line there is, is signalled about a mile in advance. This is soft rather than militant feminisim. It is hard to imagine that *all* Australian men can be quite as awful as these women say. The women don't really believe that either: they want the men in the end.

The setting is the Blue Heaven hairdressing salon in small town New South Wales where the ultimate ambition is to get away to Sydney. (I told you that this is real soap.) Economic recession, the demands of the bank manager and the opening of a rival salon across the road are threatening closure. So the Blue Heaven lot decides to enter a talent contest in the local Ming Wah Chinese restaurant in order to regain customers. They form a group called Lipstick Dreams.

There are a few hitches along the way, mainly involving the selfish behaviour of men (never seen) and the willingness of some women to go along with it. Naturally of course, the group wins in the end, abetted by an older customer who joins the act at the last minute. The customer is played by Heather Bell, who will be well-known to some as Clarrie Grundy in the BBC radio soap, *The Archers*.

Yet, as I say, don't look at what they do so much as how well they do it. There is a splendid scene where Mary Spencer as the woman who owns the salon applies make-up to herself with all the artistry of someone who knows what it is all about and why good make-up is so expensive.

The climax is the song numbers where the women, all dressed in scarlet, knock out "Dancing in the Street" and "Be my Baby". No need for background sound effects this time: the applause from the audience is wholly spontaneous. It is then, and only then, that Ms Hartley emerges as a star above the rest.

I have written before about the promise of the recently established Greenwich Studio. Like nearly all pub theatres, it has a very small stage: too small for this production, except as a try-out. *Lipstick Dreams* deserves to move to something bigger. The question is how much bigger. The piece has been written and produced under the influence of the small screen. What it needs to take off is one of the smaller west end theatres where the final scene could be seen in its full triumph.

The play is written by two authors previously unknown to me: Helen O'Connor and Simon Hopkinson. It is directed with great style by Gerald Armin. The fourth performer, not mentioned till now, is Jane Anthony-Grant as the plain unliberated girl who is in many ways the best straight actress of the lot. For anyone unfamiliar with the Greenwich Studio, it is just next to Greenwich station. It costs only £1.20 to get there on the train from Charing Cross.

Malcolm Rutherford

The ballet season at La Scala, Milan

At a time (35 years after her Scala début) when she might be expected to rest on her laurels, Carla Fracci seems to be more in demand than ever, and this is proving a particularly active summer. After a *Romeo and Juliet* at the Turin Dance Festival and *Medea* at the Teatro Olimpico in Vicenza, Fracci appeared at La Scala in mid-July as Lizzie Borden in Agnes de Mille's 1948 ballet *Fall River Legend*.

Audiences were nearly denied the opportunity to see Fracci's masterly interpretation because of yet another strike threat by the unruly band that manipulates the dancer's union. They were short-sightedly protesting against the engagement of guest artists, including in that category Fracci, the Milan theatre's most illustrious alumna this century. At the last moment, as usual, it was decided to allow the performances to go ahead, on condition that the Scala's resident "prima ballerina étoile" alternated in the role.

Like *Rodeo*, which American Ballet Theatre brought back to London last year, *Fall River Legend* is a period piece (subject and choreography; score by Morton Gould, scenery by Oliver Smith and costumes by Miles White) and remains an important element in the company's native heritage.

The Scala company was taught the work by Terrence Orr, an ABT veteran who taught the stylised movements impeccably but who was, inevitably, unable to instil interpretative skills in dancers little noted for them.

As a result, despite conscientious efforts by Maurizio Vanadia as the pastor who is sympathetic to Lizzie, Giuseppe Arena as her father and Vera Karpenko as her harsh stepmother, Fracci had to carry most of the dramatic burden alone. Managing by means of clever make-up and an unbecoming hairstyle to resemble an unattractive, gauche young woman in her mid-thirties, she gave a performance of remarkable power and restraint, eschewing all histrionics and well in command of the unshowy technical demands of the role. Unfortunately, the absence of senior character artists in the company led to a lack of balance, the parents and pastor looking regrettably younger than Lizzie.

A programme change during ABT's Paris Opéra visit at the same period led to Alessandra Ferri appearing in the identical role just two evenings earlier, when the age balance was more credible. Ferri had the advantage of having experienced Victor Barbee to support her as an impressive Pastor. When Fracci lifted the hatchet for the first time, innocently, she wore a malicious smile, while Ferri seemed altogether a victim, the more so because of the malevolence of Georgina Parkinson's Stepmother.

Robert de Warren, who has now been ousted as director of the Scala ballet in favour of Giuseppe Carbone, has to be thanked for this unusual choice and also for the rare inclusion of a work by Frederick Ashton. *Jazz Calendar* is certainly not one of Ashton's most important works and it does not gain from being placed at the beginning of the evening, but the principle has to be saluted. Richard Rodney-Bennett's score was quite brightly played by the Jazz Class Orchestra, but too many of the dancers contributed only steps, with too little personality. Annamaria Grossi, in the Sunday episode, provided one of the few exceptions. In the tricky Friday pas de deux that was originally danced by Antoinette Sibley and Rudolf Nureyev, Anita Magyari and Bryan Hewison had their work cut out to overcome the technical difficulties. In his first prominent solo role, Hewison experienced partnering problems and made some untidy landings but showed progress nevertheless. Luigi Serafini's new sets and costumes were rather self-consciously whimsical.

A new ballet by Amedeo Amodio had been announced but was replaced by his version of *L'Après-midi d'un faune*, which opens with Syrinx, both works being played on flute and piano. Luciana Savignano and Gheorghe Iancu danced it.

This programme brought the Scala season to an end. *Romeo and Juliet* being inescapable this year, partly on account of the Prokofiev centenary, that ballet will return to the repertory in the autumn, with Fracci as one of the Juliets. Having appeared in John Cranko's first version in 1958, she will now return to the Verona Arena, where Nureyev's production is being replaced by a mixture of Loris Gai and Cranko.

In Palermo, on the other hand, Kenneth MacMillan's *Romeo and Juliet* will be given by American Ballet Theatre in the beautiful outdoor setting of the Teatro Massimo. Alessandra Ferri will be appearing there with Julio Bocca, with whom she danced an intense Balcony Pas de Deux in Turin, when Bocca's Argentinian group came to the dance festival who delighted audiences and critics, despite Bocca's feats of virtuosity and attempt at characterisation.

Freda Pitt

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Rijksmuseum Indian Miniatures from Paris: 100 pieces from the Fondation Custodia collection, illustrating Mogul histories and Hindu epics from 16th to 19th centuries. Ends Sep 22. Closed Mon

Van Gogh Museum Japan: Van Gogh's Utopia, examining the influences of Japanese prints and culture on the life and work of Van Gogh. Ends Sep 22. Daily

■ BERLIN

National Gallery Paintings from France: 28 works which secretly came into the hands of the East German authorities in the early 1970s. Ends Aug 11. Closed Mon and Tues

Schloss Charlottenburg Imperial Art from the Dutch Exile of Kaiser Willem II. Ends Sep 29. Closed Mon

■ CHICAGO

Art Institute Degenerate Art: The Fate of the Avant-Garde in Nazi Germany, featuring the work of artists held up for public mockery in 1937, who later won recognition as masters of their realm. This is a widely-acclaimed exhibition originally mounted by the Los Angeles County Museum. Ends Sep 8. Also The Gold of Africa: Jewelry and Ornaments from Ghana, Ivory Coast, Mali and Senegal. Ends Aug 25. Also 18th and 19th century Staffordshire creamware by Wedgwood and others. Ends Oct 27. Also English and French Printed Textiles: 100 examples mainly from 18th and 19th centuries. Ends Sep 3. Daily

■ DUSSELDORF

Kunstmuseum Walter Ophey (1882-1930): exhibition of 180 paintings and drawings by a long-neglected German artist who was associated with the early 20th century avant-garde. Ends Sep 1. Closed Mon

■ EDINBURGH

Royal Scottish Academy Virtue and Vision: Sculpture and Scotland 1540-1990, tracing developments since the early days of court patronage to the strong native school of the present. Ends Sep 15. Daily

■ FLORENCE

Casa Buonarroti Artemisia Gentileschi (1597-1651/3), follower of Caravaggio and possibly the most famous woman artist of all time. The exhibition includes 30 paintings from Italian and foreign museums, together with several masterpieces by her father Orazio. Ends Nov 4. Closed Tues

Museo Nazionale del Bargello The Bronzes of Calliope's Writing Desk: the collection of bronze and marble statuettes built up by Cosimo I de' Medici between 1550 and 1574, and stored in the Scrittoio di Calliope, a small room used to guard the Grand Duke's most precious belongings. The collection has survived almost intact, and is one of the most important of its kind. Ends Aug 25. Closed Mon

■ FRANKFURT

Schirn Kunsthalle From Expressionism to the Resistance: Art in Germany 1909-1936, the Fishman collection. One of the most significant collections of German art from between the wars, with 190 paintings, drawings and sculptures by artists such as Beckmann, Kirchner, Dix and Meidner. Ends Aug 18. Also Marc Chagall: the Russian years (1906-22), with 250 oils, watercolours, drawings and sketches. Ends Sep 8. Daily

■ GLASGOW

Hunterian Art Gallery The Nude: five centuries of drawings, watercolours and prints from the Hunterian's collection, including work by Dürer, Rembrandt Goya and Epstein. Ends Oct 19. Closed Sun

■ LONDON

Royal Academy The Fauve Landscape: Matisse, Derain, Braque and Their Circle 1904-1908, with 75 paintings showing how the Fauves used vibrant colour to express their subjective and emotional response to landscape. Ends Sep 1. Daily

Tate Gallery John Constable: largest-ever survey of the English artist's work. Ends Sep 15. Daily

Victoria and Albert Museum Schinkel: A Universal Man, an exhibition devoted to one of the most influential classical architects of the 19th century. Ends Ends Oct 27. Daily

■ LUGANO

Villa Favorita Magnificent Switzerland: Swiss Views by Foreign Artists, including 80 oils and watercolours by major European artists of the 18th and 19th centuries, such as Turner, Corot, Bierstadt, Delacroix and John Singer Sargent. Ends Oct 31. Closed Mon

■ MARTIGNY

Fondation Gianadda Ferdinand Hodler: Painter of Swiss History, including some of the large-scale historical and mythological works which established Hodler as a leading Swiss painter of the late 19th century. Ends Oct 20. Daily

■ MILAN

Palazzo Reale Filippo de Pisis (1896-1956): an exhibition, drawn primarily from Milanese private collections, of paintings by the Italian artist who based his style on the fluent, quasi-impressionist brushwork of Manet and Guardi. Ends Oct 13. Daily

■ MUNICH

Kunsthalle der Hypo-Kulturstiftung Thought Pictures: Contemporary Art 1960-90. Installations and paintings by 50 internationally-recognised artists including Donald Judd, Frank Stella and Bruce Nauman. Ends Sep 8. Daily

■ NEW YORK

Metropolitan Museum of Art Masterpieces of Impressionism and Post-Impressionism, including works by Gauguin, Cezanne, Van Gogh, Renoir and Degas. Ends Oct 13. Also The Art of Paul Manship: retrospective of one of America's foremost sculptors. Ends Sep 1. Closed Mon

Museum of Modern Art Lee Friedlander: Nudes. A selection of 50 photographs of female nudes ranging from intimate portraits to abstract figure studies. Ends Oct 8. Also Ad Reinhardt (1913-67): the first full-scale retrospective of the American artist, known for his austere abstract style. Ends Sep 2. Closed Wed

Whitney Museum of American Art Hunt Diederich: figurative sculpture and drawings by a long-neglected early 20th century artist. Ends Sep 29. Also John Baldessari: retrospective of 22 years of work by a pioneer of conceptual art. Ends Oct 20. Also American Life in American Art: the 20th century American experience as seen in paintings and sculptures from the permanent collection. Ends Nov 10. Closed Mon

■ PARIS

Centre Georges Pompidou Andre Breton (1896-1966): the aesthetic world of one of the leading theorists of Surrealism. Ends Aug 26. Closed Tues

Grand Palais Georges Seurat (1859-91): 180 paintings, studies and drawings. Ends Aug 12. Closed Tues

Jeu de Paume Jean Dubuffet: The Last Years. The renovated former temple of Impressionism inaugurates its new role as a national gallery of contemporary art with an exhibition devoted to the founder of art brut. Ends Sep 22. Daily

Trianon de Bagatelle Impressionism in Romania: the influence of French art on four Romanian painters between 1865 and 1920. Ends Sep 8. Daily

Musée Marmottan Important collection of paintings by Monet and his friends, including 'Impression-Soleil levant', from which the Impressionist movement took its name. Closed Mon

Musée Picasso, Hotel Sale The world's largest collection of Picasso's work, completed by Picasso's own collection of paintings by friends such as Braque and Matisse, and artists he admired, including Renoir and Cezanne. Closed Tues

Cartes musées available at all metro stations and museums, to avoid queuing at 60 museums including the Louvre, Musée d'Orsay and Versailles

■ PRAGUE

Convent of St Agnes of Bohemia Centenary reconstruction of the jubilee exhibition of 1891. Ends Oct 6. Closed Mon

Convent of St George Ancient Chinese art from the National Gallery collection. Ends Sep 15. Closed Mon

Kinsky Palace Goya: exhibition of sketches and drawings. Ends Sep 1. Closed Mon

■ ROME

Accademia Valentino Valentino: Thirty Years of Magic. 300 outfits made between 1960 and 1990 with their original accessories. The intelligent eye of the designer shows in the wealth of sources - William Morris wallpaper, Meissen pottery, Bronzino portraits and Tiffany lamps. Ends Nov 5. Daily

■ TOKYO

National Museum for Western Art Martin Schongauer and the Art of Copperplate Engraving: an extensive exhibition of engravings, predominantly on religious themes, on loan from the Dresden state collection. Ends Aug 18

Sezon Museum of Art Masterpieces of the Guggenheim Collection: more than 100 paintings and sculptures representing the main movements in 20th century art. Ends Sep 1

■ VIENNA

Albertina Austrian Watercolours of the 19th Century: 70 works documenting the achievements of Austrian painters before the advent of Jugendstil and the Sezessionen. Ends Sep 1. Closed Sun

Kunsthistorisches Museum Gold from the Kremlin: 100 works from the era of the Tsars, many never previously seen outside Moscow, including the gold crown of Peter the Great. Ends Sep 1. Closed Mon

FINANCIAL TIMES

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Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700

Friday August 2 1991

The push for peace

INCH BY INCH, the unwilling or just deeply suspicious participants to an Arab-Israel peace conference are being nudged closer to the table. Presidents Bush and Gorbachev added their *important* authority to the drive towards negotiations on Wednesday when they formally announced their intention to work towards a co-sponsored conference in October.

Last night, Mr Yitzhak Shamir, Israel's prime minister, said that his country would attend the conference, provided that *no* Palestinians from either east Jerusalem or from the Palestine Liberation Organisation *are seated at the table. If* that is the last remaining procedural hurdle to be overcome in order to seize an opportunity to convene talks on one of the world's most intractable disputes then it must be surmounted quickly.

The Arab nations which have in the past borne a heavy responsibility for failing to respond to peace efforts are on *this* occasion prepared to *talk*. The logjam of hostility broken by the late President Anwar Sadat of Egypt when he travelled to Jerusalem in 1977 has again been breached, this time by President Assad of Syria.

Syrian move

The history of Syria under Mr Assad might not seem encouraging to those hoping for peace. But the changes in the world balance of power created by the rapprochement between the superpowers, brought home most emphatically in the Middle East by the multinational effort to force Iraq to leave Kuwait, has left the Syrian regime with few choices. Mr Assad no longer has the option of going to war, and may indeed be worried about his own defences. He certainly wants negotiations and may actually desire a peace treaty.

Jordan has said it will attend a conference, as will Lebanon with Saudi Arabia representing the Gulf states. Which leaves the one issue of who speaks for the Palestinians, whose plight is at the very heart of the conflict.

Israel will not talk to anyone who is a recognised member of the Palestine Liberation Organisation, *although that* is the body recognised by the Arab nations as the sole legitimate representative of the Palestinian people. Israel is equally adamant that it will not tolerate a Palestinian from east *Jerusalem, because that is territory* it annexed after occupying the West Bank and Gaza in the 1967 war with Jordan, Syria and Egypt. The international community does not recognise the annexation and considers Arab east Jerusalem to be part of the occupied territories as defined in UN Resolutions 242 and 338.

Israeli position

It is difficult to believe that Israel, which has for the past 40 years sought direct negotiations with its Arab neighbours, would, at such a propitious moment, turn down the chance because a single Palestinian representative, attending as part of a joint delegation with Jordan, was from east Jerusalem.

While expressing Israel's *readiness to attend a conference*, Mr Shamir has dampened prospects for progress on the substantive issues. There is, he has said, no possibility that Israel will exchange any of the occupied territories for peace. The Israeli negotiating position is merely that it will trade peace for peace. It is a measure of the Arab willingness to negotiate *that even on such* unpromising terms Mr Bush's invitations have been accepted.

Having got so far down the road, and with so few other options, the Palestinians should be very careful about not being manoeuvred into a position where they could be accused of sabotaging the conference. The best hope for Palestinians must be *that* ultimately Mr Bush's sense of justice and fairness will push Israel into making concessions, especially as there is so much Israel wants from Washington. To this end, the sacrificing by *the Palestinians of another* procedural point matters less than the objective which might eventually be achieved.

The traumas of the past 12 months, marked by the first anniversary of the invasion of Kuwait, have encouraged the US and the Soviet to make this determined joint effort for peace. The opportunity must not be lost.

A fudged EC cars deal

SINCE negotiations began on the future of Japanese car sales in the European Community, Brussels' hardest task has been less to bridge its differences with Japan than those between EC governments. To *have clinched a deal in which* all sides claim to have prevailed is no mean feat. The problem is that the fudged compromise used to achieve this may simply be storing up bigger problems for the future.

The deal obliges the five EC countries with national curbs on Japanese car imports to eliminate them from 1993. In *return, Japan will "monitor"* – that is, restrain – its direct exports until 1999, after which they will supposedly enjoy free access to the Community market. Beyond that, little is clear. No *formal* ceilings have been spelled out for Japanese imports during the so-called transition period. And though Japan appears to have accepted a quota for 1999 close to last year's level, this is said in Brussels merely to be a "point of reference," not a firm *commitment to achieve* a particular outcome.

What will actually happen is hard to predict. The most probable result is that the deal will be subject to continual re-negotiation, with Brussels and Tokyo haggling over each year's import quota. That is a huge hostage to fortune, which leaves Brussels open to intense lobbying by inefficient European producers and national governments intent on securing the strictest possible quotas. However, *the protection* afforded by such measures is likely to prove largely illusory.

Higher prices

US experience suggests that *import limits will simply* encourage Japanese carmarkers to raise prices – to the detriment of the consumer – while stepping up production at "transplants" in the EC. These facilities have been a point of fierce *contention* during the negotiations. Once again, Brussels has fudged the issue. While eschewing formal controls on transplants, it has reached a private "understanding" with Tokyo that their output will grow no faster than currently planned. That has apparently placated the UK, home to most of the transplants. But will it satisfy French and Italian carmakers, which have sought to restrict transplant capacity?

There is a danger that, in a tough market, pressure for EC controls on Japanese inward investments could re-surface, with damaging consequences for the world trade system and for the European car industry. As the EC-Japan deal is currently conceived, competition from the transplants will be *the main source of direct pressure* on European carmakers to match Japanese industry standards.

Market upheaval

The challenge is no longer simply to equal Japanese manufacturing costs over long model runs. It is to respond to *a chain-reaction of* upheavals which is re-shaping world car markets. Fragmenting demand means growth will depend increasingly on differentiating products by rapidly turning out low-volume niche models, as the Japanese are already doing. But European carmakers have yet to master the innovative techniques of integrated product development and flexible manufacturing needed to compete.

Distribution methods also need to be re-thought. The maintenance of exclusive dealerships has restricted competition in EC car markets by enabling manufacturers to dictate the channels through which they sell. The result has been to entrench an anachronistic system of under-capitalised and inefficient retail outlets with little incentive to compete on customer service. In Britain, the system is already being investigated by the Monopolies and Mergers Commission, while Brussels is due to review by 1995 the block exemption of car distribution from EC competition rules.

The importance of these inquiries is increased by this week's EC-Japan deal. The biggest danger is that it will perpetuate complacency in an industry long addicted to subsidies and trade protection. The blunting of competition originating from outside the Community is all the more reason to step up efforts to eliminate barriers which frustrate competition inside its borders.

Time to tame the dragon

In the run-up to 1997, Hong Kong should seek to forge links with Beijing, says John Elliott

Where will history judge that the decline of British rule in Hong Kong really started? Will it be the moment, earlier this year, when Cathay Pacific, the colony's airline, started painting over the Union Jack on the tail fins of its aircraft?

Or will it be the ground-breaking *agreement* on Hong Kong's proposed international airport which virtually guarantees China a growing say in the colony's affairs? Or is it possible that Britain will be seen to have ruled effectively until China formally takes over in 1997?

The writing was certainly on the wall earlier last month when a group of local depositors in the collapsed Bank of Credit and Commerce International marched to Beijing's de facto consulate and asked for China's help, saying their "British rulers" in Hong Kong were powerless. (They left empty-handed). The bank, shut down by the Bank of England in a worldwide move on July 5, is now the subject of criminal proceedings in the US; indictments have also been brought against its founder and former chief operating officer.

The real decline of British rule in Hong Kong began, of course, in the late 1970s when Britain, egged on by nervous businessmen, panicked about *the expiry dates of leases* on a large part of the colony. They made nervous approaches to Beijing which led to a Sino-British agreement in 1984 that the Union Jack would be officially lowered on June 30 1997.

That will be a unique event: a free-*wheeling capitalist society* will become part of what is now the world's largest Communist dictatorship. Hong Kong will be extremely vulnerable because although it is seen as an international financial centre it is primarily a service economy from which money can be moved away via the touch of a button on a computer screen.

It is sure to survive, however, as a *prosperous though less glittery entrepôt* and service centre for China. But will it be much more?

That will depend primarily on how it copes with the years until 1997: local political tensions are expected to become more entrenched, domestic and international confidence could become shaky, and there is a real risk of rapid economic decline.

Already the place feels beleaguered. There is a massive exodus of some 60,000 or more people a year seeking the insurance of foreign passports, plus a corporate exodus of companies seeking the protection of overseas investments, legal domiciles, and stock market listings.

Street protests have mushroomed in a society that has remained politically docile until now. Violent crime has escalated. Some foreign business communities have become uneasy and have attacked the government: the local US consul-general and the American Chamber of Commerce, for example, have criticised the government's tortuous relationship with China, its education policy, the way it has allowed English language standards to decline and the colony's image abroad to worsen.

But the most *serious problem is that it is now clear that* China has no intention of fully honouring the spirit – nor probably the letter – of the 1984 Sino-British Joint Declaration which paves the way for the handover of power in 1997 and pledges Hong Kong a "high degree of autonomy" over its economic, social and political affairs.

Three years ago the worst that many people expected *was that Hong* Kong's efficiency would be reduced in 1997 by interference from sometimes corrupt Chinese bureaucrats. But Beijing's Tiananmen Square crisis of June 1989 triggered crucial changes in China's attitude.

After the routing of pro-democracy protestors by soldiers of the People's Army, China became deeply suspicious of Hong Kong because the colony *openly supported the student* demonstrators. In the eyes of Beijing's hardliners, for instance Mr Li Peng, the prime minister, Hong Kong was no longer simply an economic asset: it had become a centre for challenging the Communist regime.

Hong Kong has only one option in dealing with China: to try to build something approaching a partnership

Since 1989, Beijing *has* used every opportunity to interfere, to establish its authority, to belittle the Hong Kong administration, and to bring the UK into line. It has seemed as if Mr Li Peng has been wreaking vengeance on Hong Kong because of the marchers who personally villified him two years ago. Some diplomats suspect that, in addition, China has an historical desire to humiliate the UK and avenge the Opium wars of the 1800s and the "unequal treaties" that originally gave the British authority over Hong Kong.

This tendency was most pronounced in the wrangling over the colony's proposed HK$100bn interna*tional airport which the Hong Kong* government hoped to build without involving Beijing. The size and expense of the project was questioned by Beijing. China gradually moved in and elbowed aside an unco-operative Hong Kong government before reaching a compromise with Britain a month ago that institutionalises its continuing influence.

As a result it is now clear that China intends to ensure it has a powerful voice in how Hong Kong is run. This is partly to protect itself politi*cally against so-called "subversives"* and to ensure that the basic wealth of Hong Kong is not stripped away by Britain before 1997. It is also a way of emphasising that Hong Kong is part of China and that it must earn its "high degree of autonomy" by showing due respect and concern for Beijing's views.

Hong Kong therefore has only one option in dealing with China: to *accept the reality of 1997 and to try to* build something approaching a partnership. That is the lesson of the past three years, but it is not an easy one for the British and, especially, the Hong Kong governments, to learn. British colonial pride is at stake and some senior Hong Kong civil servants (both expatriate and local) abhor the idea of sharing power with Beijing.

The arguments are, however, *stacked in favour of China*. First, it will be taking the colony back in fewer than six years and thus has an interest in projects and policies started during that time.

Second, it can exert a vice-like grip because Hong Kong can no longer *function independently*. For years the colony has relied on its neighbour for essential water and food, and recently its economy has become inextricably linked with that of southern China. Companies and international financial institutions now want to be sure of China's support before they agree to enter commercial deals, such as the airport, which "straddle" 1997. Its assistance is even needed to tackle *the crime wave which is heavily* backed by guns and gangs from its southern provinces.

Third, China's indirect power and influence within Hong Kong, both political and commercial, is immense and growing rapidly. It will be supporting a raft of pro-Beijing candidates in Legislative Council elections in September. There are more than 1,500 Chinese companies operating in Hong Kong, including corporations such as China International Trust and Investment Corporation and China Resources which are taking key stakes in infrastructure projects such as docks, telecommunications, and airlines with an estimated total *investment of more than HK$80bn*.

Fourth, neither Hong Kong's ethnic Chinese community, nor its businessmen (expatriate or local), are interested in such debilitating battles as the recent airport row. They are primarily motivated by making money and their basic interest is to be left alone to do just that.

There are, therefore, powerful reasons why Hong Kong should co-operate with China, but it will not be easy. China's officials do not begin to understand Hong Kong's buccaneer*ing free market* capitalism, which is based on fast decisions and instant deals. Many regard the colony as a cash cow, ripe for exploitation. In the past year a large number of Mercedes and other cars have been stolen in Hong Kong and smuggled to the mainland. There are widespread reports that Chinese corporations used inside political information about the airport deal to speculate on *the stock and futures markets*.

But the main barrier to co-operation rests within the Hong Kong government itself. It looks negative and defensive, especially about the seeming inevitability of its authority waning as 1997 approaches. Its image at home and overseas is poor, partly because it has been constantly outmanoeuvered by China.

It has stressed that the only way to *maintain authority is to be seen to* be governing unilaterally, which means keeping China out of Hong Kong's affairs as far as possible. The airport fiasco has proved that this approach was self-defeating.

The final years of British rule will therefore *not* be smooth and indeed are likely to get rougher as insecurity mounts

Some senior British diplomats and *local civil servants now accept that to* continue on such as course would lead to more debilitating battles and defeats and could seriously undermine, rather than strengthen, the Hong Kong administration. China would retaliate by insisting on negotiating direct with London, as it did on the airport.

The alternative approach of seeking China's co-operation could enhance the government's authority because it should reduce Beijing's sensitivities and its interest in confrontation. It would have to be managed carefully, however, to avoid looking as though the Hong Kong government was cowtowing to China.

Such a strategy would require a degree of trust that is absent at present. It is hard to find many British diplomats or officials who even respect China's officials, let alone trust them – and the same is almost certainly true on the other side. The history of confrontation, stemming from British colonial triumphs and China's consequent loss of face, is too great for it to be otherwise.

Hong Kong's government also faces other problems with its authority. Next month the Legislative Council will be partially opened to directly elected members who will *inevitably criticise rather* than support the government. This will, in effect, institutionalise the *council's emerging role* as a centre of opposition.

There is no governing party, manifesto, ministerial structure or whip system to propagate policy and exert some parliamentary discipline. The opposition will not even have the constraint common to oppositions in democracies, which must assume that one day they will have to shoulder government responsibility. In Hong Kong the opposition cannot come to power because most authority rests with the executive under arrangements agreed last year with China.

The nearest thing to a government party will be the colony's three top civil servants plus a clutch of *appointed members who do not* have the same popular appeal as the elected members and who feel bound sometimes to show some independence by being openly critical.

Compounding the problem is the *fact that* prominent local people who intend to stay on after 1997 have little to gain by openly supporting the present administration or by becoming involved in public affairs. There is, on the other hand, considerable mileage for them in establishing links and loyalty with Beijing, which can then exploit them in confrontations with the Hong Kong government.

The final years of British rule will therefore not be smooth and indeed *are likely to get rougher as insecurity* mounts. More people will leave and already low morale will worsen in the civil service and police.

The worst scenario would be a collapse of government authority and some move for China to take over early. *That would be an enormous* setback for the UK – and it might not be favoured by China which probably wants a symbolic handover in 1997.

The best scenario would be for some changes in Beijing's hardline leadership which might lead China to adopt a more relaxed approach and would make it easier for Hong Kong to co-operate with its future rulers. Then the decline of British authority and *eventual* lowering of the Union Jack would not be so traumatic as it might otherwise become.

After a three-year posting in Hong Kong, John Elliott is leaving the Financial Times to take up a post as public affairs adviser to the Hong Kong government

OBSERVER

Trinity's choice

■ For the first time in over 400 years Trinity College, Cambridge, has hired an outsider to manage its secret fortune. Worse, it has had to import an Oxford man for the job.

John Bradfield, Trinity's senior bursar for nearly four decades, plays down the significance of the change. His *replacement – Baring's Jeremy* Fairbrother – comes from an academic family, and the powers that be at Trinity seem more impressed by the fact that Fairbrother got a first and a doctorate in chemistry, than his money-management skills.

Not that these should be underestimated. After all if they were good enough for the Saudi Arabian Monetary Agency, where he was seconded for eight years, then they ought to pass muster with Trinity's conservative *dons*.

At Sama he overlapped with David Mulford, the current US Treasury under-secretary for international affairs, and was responsible for investing a fortune even bigger than Trinity's.

The 52-year-old Fairbrother should fit in well. Like Bradfield, he much prefers Cambridge to London, and will not upset College decor by importing a high-tech Quotron screen so he can monitor Trinity's investment minute by minute.

Yes, he will have to take a salary cut. But there's the compensation of a "large psychic income", he says.

Doesn't sound like another J.M. Keynes, to me.

Pain for Norman

■ Shed a tear for Norman Lamont. Battered by recession, beset by gloomy CBI forecasts, the chancellor of the exchequer now finds that one of his rivals for his Kingston-on-Thames seat at the election will be Linzi Drew, nude model turned editor of *Penthouse* magazine.

She is contesting Kingston for the Corrective Party, the new force in British politics established by Lindi St Clair, once familiarly known as Miss Whiplash. The party wants changes in Britain's censorship laws coupled with stronger civil liberties and animal rights, and will field upwards *of 50 candidates at the polls*.

"It's good publicity standing against such a senior government figure," says Linzi who'll be campaigning for reform of Britain's pornography laws.

"Why can't adults buy freely the kind of adult stuff that's sold in Holland or Spain? It's typical British repression. We in the Corrective Party are very serious about such things. People get the idea 'Corrective' is about whipping and such things. In fact it means we *want to put things right*."

Just supposing she managed to overturn Lamont's 11,186 majority, and her party held power. What would she *do?*

The answer comes pat. "Decriminalise prostitution, open licensed brothels, legalise cannabis, lower the age of homosexual consent, concentrate on welfare not warfare, and allow adult material to be freely sold."

Norman, take note.

"I had no idea you were a boaxer."

Stabiliser

■ David Kendall, the ex-BP man who has been guarding the Bunzl shop since hyper-acquisitive Jim White left abruptly last November, is rather coy about why his company has taken even longer than Cookson to find a new chief executive. Clearly, there were a few false starts, and the pay-packet on offer did not match White's *£400,000-plus*.

However, Bunzl seems to have finally bagged a solid managerial sort in 44-year-old Tony Habgood, a former management consultant. Not that the new man has a lot of chief executive experience under his belt – only seven weeks after he became boss of Tootal, up came a bid and 10 more weeks later he was looking for another job.

True, he seemed to do a fairly well in squeezing a higher price out of Coats Viyella. But Tootal is a smaller company than Bunzl and despite a surfeit of professional managers, never seemed to capture the stock market's enthusiasm.

Kendall, who depicts himself as working nine days a week since White left, says he'll continue as a Bunzl's non-executive chairman, and adds: "We have switched off the acquisition machine and stabilised the company".

He is now open to job offers himself.

Bastion saved

■ *Plus ça change*.... The old maxim has again been upheld by the French with a neat nomenclatural shuffle to neutralise a European Commission attack on their defence against imported tv programmes, which is seen as a bastion of their cultural integrity.

Although there is no lack of imported viewing (Americans in Paris spend hours nostalgically watching dubbed versions of old US series such as Little House on the Prairie), France's tv stations have to fill a quota of at least 50 per cent of programming with original French-language "works".

The commission, spurred *on by two French* commercial stations as well as German tv interests, wants the quota reduced to 40 per cent. And the cut has just been accepted by bouffant Culture Minister Jack Lang and his lawyer sidekick Georges Kiejman.

While conceding apparent victory to the EC, however, the two men levered it into a compromise by which it has adopted France's definition of what constitutes a "work".

The commission wanted the *cut to 40 per cent* to cover all programmes except news. Under the compromise, chat and variety shows and such – largely French anyway – are excluded. So the quota, albeit reduced, is concentrated on drama and other fiction, documentaries and cartoons.

Mopping their brows, Paris communications ministry officials are congratulating themselves on once more saving their country from "cultural pauperisation".

Irish mush

■ Interesting if somewhat confusing reading in the latest annual report of US food giant Heinz . Irish American company tycoon Tony O'Reilly talks of Heinz's concern for *the environment and* what he calls its contract with humanity. "The symmetry of our imaginary contract can be dismayed by the logic of human need. That logic questions how to honor a contract to go 'green', if the family budget and corporate bottom line could go 'red' for the sake of it." Quite so.

Car sales charter for a good citizen

John Griffiths and **Andrew Hill** on the limitations of an agreement between the EC and Japan

Much of the European motor industry was left peering through a cloud of exhaust smoke yesterday, trying to determine the exact nature of an agreement limiting Japanese car sales in the EC.

At first glance the long-sought and much-hailed agreement has the effect of limiting to about 2.43m the number of cars Japan is likely to be selling in the EC in 1999, when a seven-year transitional period towards a completely open market runs out.

That global figure is for cars from all sources, including EC-based Japanese "transplants", and would give Japanese cars a total market share of just over 15 per cent in 1999 on the basis of an estimated 15.1m market.

However, on closer examination the agreement provides for unrestricted market access to EC-produced cars, and expresses merely the "expectation" that EC production of Japanese cars will not exceed 1.2m at the expiry of the transition period.

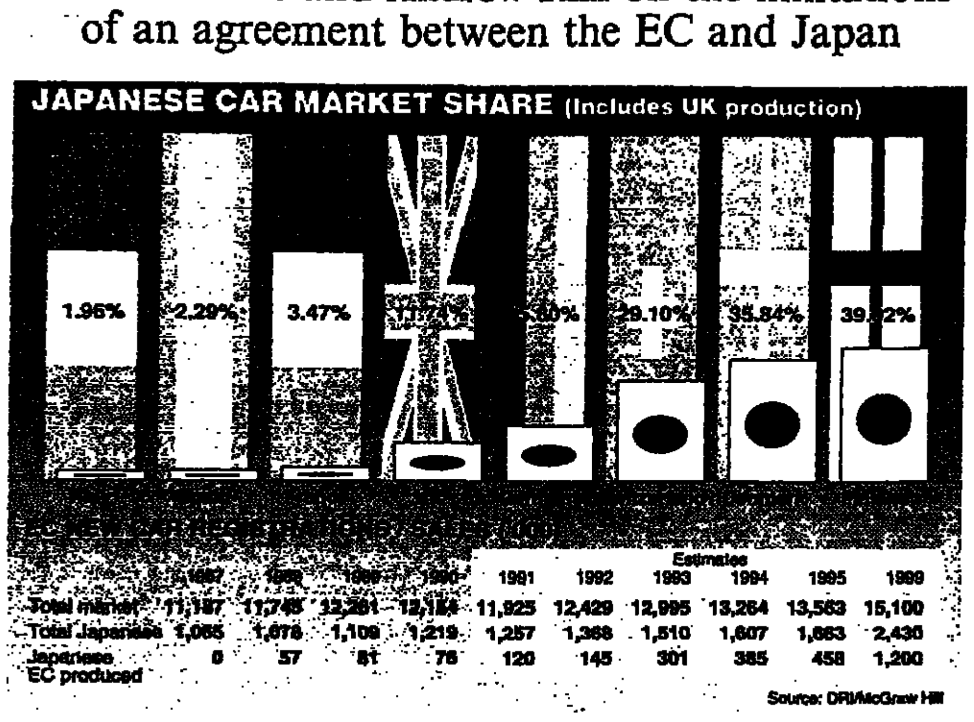
As far as limiting imports to the EC from Japan itself, it provides only for Japan to "monitor" exports to the EC as a whole in accordance with a forecast level of exports in 1993 of 1.23m.

Add in the fact that "sub-cellings" are being allowed for markets where there have previously been bilateral restrictions on Japanese imports, and the scene appears set not so much for a comprehensive agreement but for wrangling and special pleading for much of the transition period.

Ironically, the wrangling is likely to be not so much between Europe and Japan, but between those countries with a vested interest in EC-built Japanese cars having the widest possible market access – notably the UK and Spain – and those, such as France and Italy, which have heavily protected markets and a strong incentive to keep Japanese cars out. Mr Raymond Levy, chairman of Renault and head of the ACEA, the European manufacturer group, has warned that 200,000 jobs are at risk in the EC car industry.

The principal elements of the agreement were published by Mr Frans Andriessen, EC external relations and trade commissioner, and Mr Eiichi Nakao, Japan's international trade and industry minister, on Wednesday evening.

"The most positive thing in this agreement is that the restricted market will have to open," one Brussels official said yesterday. "It's not managed trade. We achieve [the open market] not just by switching [it] on, but progressively, controlling the effects."



The impression given in Brussels yesterday was that the principle of the agreement was more important than the detail. Nevertheless, written assumptions of demand and export levels were necessary to soothe France and Italy. The forecast level of demand for exports from Japan in 1999 is 150,000 for France, 138,000 for Italy, 190,000 for the UK, 79,000 for Spain and 23,000 for Portugal.

"Today it's useful for the French and the Italians to be able to say that Japanese market penetration won't be more than 8 or 9 per cent (in their own respective markets) by the end of the decade," said one official.

On the vexed question of transplants – cars made in the EC by Japanese companies – Mr Andriessen said two days ago that the Commission assumed the output of such vehicles would rise gradually to 1.2m by 1999. But he reaffirmed that there was no relation between transplants and imports. EC officials say they believe, in any case, that the 1.2m figure will easily allow enough room for Japanese manufacturers to expand production in the EC without upsetting domestic producers.

The unspoken question is: what happens if the Japanese should wish to exceed it?

The agreement also fails to explain what would happen to the two sides' "assumptions" if car demand decreased, or if the expected surge in demand was followed by a sharp decline before the end of the transition period. The Commission reckons that the Japanese manufacturers would be entitled to as much as two-thirds of any increase in demand, and, correspondingly, would have to bear the brunt of any downturn.

Reaction from the Japanese industry was, as expected, relatively muted. Toyota, Japan's largest and the world's second-largest car maker, said formally that it felt the agreed seven-year transitional period was still too long. But, with its 200,000-a-year car plant at Burnaston, Derbyshire, less than 18 months from going on stream, it also made clear its satisfaction with the agreed free circulation in the EC of the UK-built cars.

Inevitably, the Japanese producers take the view that unrestricted competition would be the most desirable option.

But if all the EC's markets were thrown open tomorrow, the big players such as Nissan, Toyota and Honda would be limited in the ways they could take advantage of it. Dealer networks cannot be built up overnight, and those in two of the EC's biggest markets, France and Italy, are the most vestigial because of historic bilateral imports curbs. Japanese dealers in France are geared to a market share of just over 3 per cent, in Italy to less than 2 per cent.

Taking the long term view, the volume restraints also stand partially to backfire on the European industry.

Without the pressure to "move the (Japanese-built) metal" under intense, open market competition, the Japanese industry will be in a position to take a firmer line on profit per vehicle. It will also have a greater propensity to import high-value, sophisticated models offering more profit per unit.

In doing so, with vehicles like the Toyota Lexus and Nissan Infiniti ranges, together with new generations of sports car, it is likely to wind up exacerbating market pressure on Europe's prestige makers such as Mercedes, BMW and Porsche – the last already under ominous Japanese pressure in some key markets such as the US – as well as the volume manufacturers.

Such a scenario would act as an extra incentive to install additional capaacity inside the UK to compete more effectively in the volume and economy car sectors.

Thus, by 1999, the European industry could find itself with a higher volume of EC-based Japanese production than would otherwise have been the case, while at the same time having helped further to strengthen the Japanese companies' already prodigious balance sheets as a result of the restricted competition.

That is not a scenario likely to be welcomed by consumers nor, most analysts believe, will it do much to prevent what is widely regarded as an inevitable restructuring of the European industry.

The issue of the "transplants" seems to have gone mostly in the UK's favour. It is just as well that it did because failure to have agreed free circulation would have been certain to have provoked a clash between the EC and Japan's Ministry of Trade and Industry.

Quite apart from the immediate questions of "transplant" numbers, it was a matter of crucial importance to the Japanese that no precedent be set which could affect long-term investment strategies.

Japanese manufacturers were anxious to avoid such a clash, for wider political reasons: trade tensions are running high in North America, where Japanese car makers have been found guilty of dumping minivans in a US market already suffering from recession.

Those tensions are likely to increase further over the next two years, and Japan has no wish to find itself fighting a car trade war on two fronts simultaneously through a confrontation over the European transplants.

It is the wish to be seen as a relatively low-key European "good citizen" which, sources in the Tokyo industry say, makes the worst fears of the French and Italian industries – that their markets could be early targets for the transplants – groundless.

"At the moment, in the UK in particular, we are in the position of a welcome investor, with understanding of our position. We cannot afford to prejudice that; how we manage things in the next five years will be crucial," said one Toyota insider.

Joe Rogaly

Crowning silliness

This year's silly season has been heralded by a splattering of writings about the future of the British monarchy. These are usually on the lines of essays by "worried, Balmoral". Fewer people revere the crown, it is said. Opinion polls agree.

There are several reasons for this. It has been widely reported that the Queen gets a refund of tax paid on dividends arising from her huge private portfolio. Most people disapprove of this royal disinclination to pay tax. The mucky newspapers speculate about whether the prince and princess of Wales occupy the same bed; other fanciful reports are even ruder. Most people enjoy the gossip; the effect on royalty as the undignified element of our polity is questionable. It appears that indifference to the monarchy is more fashionable among young people than within the older generation. Prince Charles is liked by liberals and some Labour politicians. He is suspect to many on the right. His views are sometimes apposite, which means that they coincide with mine, and sometimes wacky, which means that they do not.

These factors add up to a pile of doubts. Some of the headlines – "Not long to reign over us" in the Sunday Telegraph; "Some Danger Lights are Flashing" in the Daily – are apocalyptic. Perhaps, the innocent reader might assume, Britain will be a republic by 2010.

No such luck.

Our politicians, who benefit enormously from the fiction that it is the Crown and not they who rule, seem content to leave silly musings to the silly season. For the fundamental flaw in the house of Windsor is neither that it contains a number of unemployed playpersons, cavorting on taxpayers' money, nor that a tabloid publishes a photograph of one of the royals in the nude. It is more serious than that. The monarchy enables the government that acts in its name to behave as if it were above the law.

To take just one shocking example: the crown and its officers are immune from proceedings for contempt of court. This was so ruled by Mr Justice Simon Brown in the High Court last Friday. Had immunity not existed, the judge would have found that there had been a contempt by Mr Kenneth Baker, the home secretary, or officials working to him. For Mr Baker is not a servant of the people, but a minister of the crown. Acting on that absolute authority, immigration officers had deported a man from Zaire who had been seeking political asylum in Britain. This putative refugee was sitting on an aircraft at Heathrow when the judge suspended the deportation order. There was just enough time to pull him off the plane, but officials failed to do so. Hence the *de facto* contempt.

Mr Baker's immunity is as nothing compared to the mountain of prerogatives

The monarchy enables the government to behave as if it were above the law

exercised by the government in the name of the crown. Mr Alastair Darling, a thoughtful Labour MP, has pointed out that discussions on matters such as immigration control and freedom of movement within the European Community are covered, in the case of Britain's representative, by the royal prerogative. This means that the actions of the relevant ministers are not subject to scrutiny in parliament, unless the government chooses to make a statement.

The same extra-legal status is enjoyed by most ministers in their role as executives. The most remarkable instance of government without recourse to the elected representatives of the populace is of course the declaration of war. That remains a prerogative of the crown, not necessarily subject to a vote in the House of Commons. But much goes on in peacetime. Thousands of members of committees, review bodies, and other quangos owe their jobs to ministerial patronage. Parliamentary confirmation or questioning does not come into it. Presidential appointments in the US must be fought through the Senate, and not all of them succeed. There is no equivalent here. The effect is worst in Scotland, Northern Ireland and Wales, where the secretaries of state, acting in the Queen's name, appoint virtually everyone, in every department of government. These ministers of the Celts have the outreach of oriental despots.

The Labour party has undertaken to "reduce the power of ministerial patronage by making all major public appointments subject to scrutiny by the relevant parliamentary select committee". It also promises to curb the "arbitrary" use of the royal prerogative and thus "legitimise actions which would otherwise be contrary to law". These are quarter-measures, but they outweigh the Conservatives' apparent willingness to carry on dispensing patronage and ministerial edicts without restraint, all in the Queen's name. In my view our liberties would be better served if Britain became a republic; second best would be the establishment of an extra-constitutional monarchy – a crown whose effect was limited to that of expressing the national desire for pomp and ceremony. Labour's proposals would constitute a step in that direction.

There is little doubt that at least a ceremonial monarchy is thought desirable by the overwhelming majority of the electorate. A quarter of the respondents to a recent Gallup poll in the Daily Telegraph may be potential republicans, but three-quarters are not. More to the point, only 8 per cent disagree with the proposition that the royal family "is a tourist attraction and revenue earner". The cost of maintaining the entire circus should be borne by a British tourist authority, with additional subventions from media companies whose publications or broadcasts refer more than a pre-set number of times per week to any given member of the royal family. That way the crown would no longer be a pillar of the elective dictatorship that rules Britain. It would simply serve the national desire for ermine-lined, tiara-topped silliness.

LETTERS

When favoured nation offends

From S R Henderson.

Sir, We see, again, the double standards that blatantly abuse the intelligence of the "smaller" nations in this modern world. This time it is the US in awarding "most favoured nation" status to the Soviet Union. While I do not object to the offer for its practical reasons I feel offended that this favourable trading status was removed and remains absent from my home country, New Zealand. How can the Americans possibly justify budding up with a country that has for over 50 years been its enemy and immediately offer it trading status above a small country which has supported every war the US has engaged in since the First World War. New Zealand helped in the best way it could in the Gulf war, yet the Americans scorn us for our sovereign right to ban nuclear weapons in our country, a decision, I might add, that continues to have the population's avid support.

Why do countries like New Zealand always get the rough end of the deal?

Another example of double standards was that infamous act of international terrorism conducted by the French government when it sponsored the destruction of the "Rainbow Warrior" in Auckland, in 1985. Ronald Reagan and Margaret Thatcher's pet projects then were to stamp out international terrorism. The silence was deafening.

S R Henderson,
112 Chiltern Court,
Baker Street, London.

Market signs contradict regulator's view on water company dividends

From Mr Alasdair Macleod.

Sir, The warning by Ofwat, the water industry regulator, on water company dividends (July 31) doesn't make sense. Mr Ian Byatt's references to equity yields and dividend growth are less his business, and more the business of stock markets and water company directors respectively. The markets currently give these companies a rating of less than half the market average, implying that Mr Byatt is wrong in assuming the shareholders have the prospect of an above-average return: otherwise, the shares would sport a premium rating. This is because earnings growth for water companies will fall next year in line with the RPI at a time when other industry earnings are generally expected to rise.

Whether water companies retain or distribute earnings is surely a matter for the directors: earnings are the property of the shareholders, and are legally administered as such by the directors. Ofwat also ignores the superior dividend cover water shares offer, a fact which suggests that dividends may be prudently increased by these companies at a faster than average rate until the market norm is reached.

Mr Byatt should, of course, examine water charges in the context of profitability. The basis of the old rating system for water pricing is arbitrary and out of date. The opportunity should be taken to move to a fairer system where the user pays. In so far as this reduces waste, Mr Byatt will be able to satisfy his environmental responsibilities, particularly in the south-east, where falling water tables are giving cause for concern.

It is also worth noting that water charges in England and Wales are among the lowest in Europe. It is to be hoped that Ofwat will address these important issues, rather than be side-tracked by issues which should not be part of its brief.

Alasdair Macleod,
Shaw & Co,
4 London Wall Buildings,
Blomfield Street, EC2

Italy and Spain a better bet for insurers than UK

From Mr Peter Mills.

Sir, The concern expressed by the Association of British Insurers ("Lack of life insurance highlighted", July 29) that Britain is becoming an under-insured "live for today society" is confirmed in our recent research across Europe. However, our analysis suggests the real potential for life insurance companies lies in Italy and, to a less extent, Spain.

While two-thirds of UK consumers have some form of life cover, only one in four Italians or Spaniards has made such provision. The tradition of using personal savings to provide a "contingency fund" against unforeseen events partly explains the poor demand for formal insurance products in these countries.

However, our research shows almost 40 per cent of Italians and a fifth of Spanish consumers currently without any life cover, state that they would consider purchasing life insurance. While such responses do not take into account perceptions about acceptable premium levels, they do indicate that consumers are becoming more receptive to the idea of formal insurance. The lower level of potential demand in Spain probably reflects, as our research shows, a weaker desire among Spanish consumers actively to plan for the future. The demand for formal insurance provision in both countries may be further stimulated by a weakening of family networks, which have traditionally been a big source of financial support.

An expansion of the life insurance market in Italy could have a fundamental effect on savings behaviour (where it is currently at a high level), since formal insurance cover will lessen the need for households to build up a "contingency fund".

Peter Mills,
European Business Consultant,
Henley Centre,
2-4 Tudor Street, London

The weaknesses of performance pay in the public sector

From Mr Bill Brett.

Sir, The picture presented by Andrew Adonis in his article, "The leviathan limbers up" (July 26), of a previously monolithic public sector is as far from the truth as a number of the assertions of change he also makes.

Mr Adonis concentrates on pay, its determination and composition. Since 1979 performance pay and delegated financial management have been introduced throughout the civil service and in much of the public sector generally.

However, the use of government imposed cash limits and quotas means that many staff entitled to performance increases do not receive them. We are concerned for very sound reasons about proposals to increase the proportion of pay determined by performance.

Performance pay can demotivate those who perform well but still do not receive it. There is *prima facie* evidence of discrimination against women in the allocation of performance increases.

The article suggests that under the new arrangements local managers will be left to run their own shows. We find, however, that behind the front of local autonomy ministers and the Treasury still call the shots. Performance is primarily measured in financial, not quality terms, with predictable results.

Decentralisation of pay determination involves an enormous amount of management and staff time as a result of the duplication of effort across the various bargaining units. Those resources could be better used improving services.

Trade unions and their members support the drive for improvements in the quality of services. Yet, while delivery of such improvements is almost wholly dependent on staff, they are the last to be consulted or involved in such plans.

Ironically, the chart in your feature disproves the assertion that public servants have survived the 1980s "unscathed". Year-by-year, the wages of teachers, civil servants and local authority staff have fallen relative to average earnings.

Reversing this trend will do more to improve performance, morale and the quality of service than yet another reshuffle of bureaucratic structures.

Bill Brett,
general secretary,
Institution of Professionals,
Managers and Specialists,
75-97 York Road, London

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Friday August 2 1991

President calls for EC intervention in conflict between republics

Croatians facing defeat by Serbia

By Laura Silber in Zagreb

CROATIA'S president, Mr Franjo Tudjman, yesterday made an impassioned plea to citizens to defend themselves but conceded that Croatia lacked the weapons to "fight a total war against Serbian terrorists".

It was the first public admission that the embattled republic was facing defeat at the hands of Serb nationalists.

Mr Tudjman warned Croats that the republic "must continue preparations for an all-out war if it cannot be averted".

The 90-minute speech, peppered with statements of Croatia's willingness to negotiate, was made at Croatia's Sabor, or parliament.

It heralded the sacking of Mr Sime Djodan, the defence minister, and Mr Onesin Cvitan, the interior minister, who are held responsible for the republic's defence strategy.

After their dismissal, Mr Tudjman moved them to the new war cabinet. The division of power between the government and war cabinet is unclear.

Mr Tudjman, apparently desperately seeking an exit from the crisis and killings and anxious to broaden the government's public appeal, yesterday brought two Serbs into the cabinet – but only to minor posts.

Extreme elements of the Serb minority, which make up 12 per cent of the 4.7m population, do not want to remain in an independent Croatia.

Supported by Mr Slobodan Milosevic, the president of Serbia, they have attacked Croat-inhabited villages in the republic.

More than 100 people have died since Croatia declared its independence on June 25. Outlining Croatia's defence options, Mr Tudjman ruled out any demilitarisation, even though it would prove that Croatia favoured peace. Croat officials yesterday said Serb extremists would continue attacking Croats.

Mr Tudjman said the crisis in Croatia must be internationalised, and called for the intervention of European Community observers.

Yesterday Croatian television said four people were killed and about 20 injured in clashes in Dalj, a village on the Danube river, which marks the border with Serbia.

The fighting in eastern and central Croatia has forced about 45,000 people to flee strife-torn areas. More than 9,000 refugees have fled to Croatia.

In Germany, Mr Hans-Dietrich Genscher, the foreign minister, dismissed suggestions on Thursday that the European Community should send an armed peacekeeping force to Yugoslavia.

"There are no such forces within the European Community and deploying them would require the approval of all parties in Yugoslavia. That is not the case at present", he said in a radio interview.

Mr Genscher was commenting on a proposal by Volker Rühe, general secretary of Chancellor Helmut Kohl's Christian Democrats that the EC should consider a peacekeeping force.

Senior EC diplomats were due to arrive in Belgrade last night to try to broker a ceasefire in Croatia which, with Slovenia, declared independence from Yugoslavia on June 25.

Milosevic's grip, Page 2

A poster of Croatian president Franjo Tudjman inspires a member of the national guard ready to confront the Serbs

European military intervention 'might be needed'

By Our Foreign Staff

EUROPEAN military intervention might be needed to stop the partition of Yugoslavia, Mr Jacques Poos, Luxembourg's foreign minister said yesterday.

Speaking on British television, he said: "We have to try to stop it because partition is not a solution – because if it starts in Croatia, it will continue, so all the internal and external borders of Yugoslavia will be put in question.

"We might need to consider some military interposition forces," Mr Poos, one of three European foreign ministers who travel to Yugoslavia today, told Channel Four news.

Mr Poos, with Mr Hans van den Broek of the Netherlands and Mr Joao de Deus Pinheiro of Portugal, will join an advance EC team which arrived in Croatia's capital Zagreb on Wednesday.

Diplomats said the European Community, which last month mediated a ceasefire in Slovenia, another breakaway republic and Croatia's neighbour, was determined to go ahead with the trip in spite of the lack of progress in initial efforts to convene peace talks this week.

Some 200 people have been killed in Yugoslavia since Croatia and neighbouring Slovenia declared independence on June 25.

Asked if his political hosts had the power to negotiate a ceasefire, Mr Poos said: "No, we have no guarantee our mission succeeds.

"We have to try again and again."

Yugoslavia, he said, was a European country and it was a European responsibility to "try hard to bring the parties together, to bring the main presidents of the republics around the table and to try to convince them to stop the killing".

The Community has offered to expand from 50 to as many as 150 the number of ceasefire observers in Yugoslavia if the warring parties agree on a ceasefire.

THE LEX COLUMN

Barclays in the dog days

Taken with Lloyds' results last week, Barclays' interim figures show the UK clearing banks warming to a defensive theme. Profits in this year's first half may look dreadful compared with the same time last year. But since they are better than the truly awful results in last year's second half, the pattern is really one of V-shaped recovery. In Lloyds' case, there may be something in this. For Barclays, the trouble is that its thumping £800m bad debt charge is expected to be repeated in the second half. And whereas Lloyds' increased dividend was covered 2.7 times, Barclays' mere 1.5 cover suggests that, if anything, it is being too liberal in holding its payment unchanged.

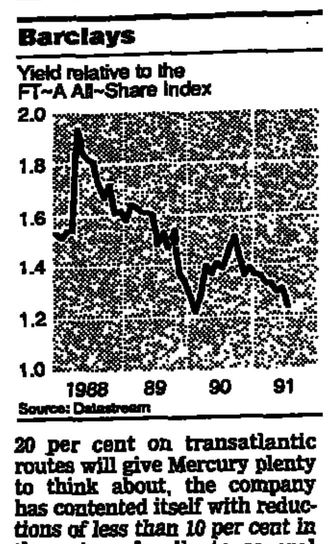
Barclays is also lagging in the crucial matter of cost control. Granted, the UK banking operation still claims to be on target for 5,000 job losses within the year. This is at least consistent with the chairman's bearish view on the economic outlook. Repeated on a national scale, the notion of people being transferred from the payroll to the bad debts register is not a recipe for a consumer-led recovery.

The wider picture aside, the divisional performance is decidedly patchy, with the strong recovery at BZW swamped by the plunge into a combined loss of £113m by Mercantile Credit and the US operation. For the shares, the real question may be where Barclays belongs in the yield spectrum between Lloyds and NatWest. In recent months, it has enjoyed the higher rating of the former. In some respects, such as the deterioration in capital ratios, yesterday's figures make it more comparable to the latter. How bad that is for the shares may depend in turn on just how bad NatWest's figures are next week.

FT-SE Index: 2,591.7 (+2.9)

Barclays

Yield relative to the FT-A All-Share Index



Source: Datastream

BT

The chief questions arising from BT's new pricing structure are how hard it hits the company's profits, where it leaves Mercury and what sort of reception it gets from Sir Bryan Carsberg at Oftel. With regulators of other utilities asserting themselves daily on the consumer's behalf, that last consideration is not insignificant.

BT was no doubt thinking much the same in restricting its inland price increases to RPI minus nearly 7 per cent, against the limit of RPI minus 6.25 per cent to which it was entitled under the rules. Moreover, while price cuts of almost 20 per cent on transatlantic routes will give Mercury plenty to think about, the company has contented itself with reductions of less than 10 per cent in the price of calls to several European countries where its competitor has a healthy market share. Local and some national calls, on the other hand, have been raised by 5 per cent, which gives BT the scope to make its new volume discounts attractive to medium-sized Mercury recruits as well as the large business customers which Mercury has attracted.

The dilemma for Mercury is how far it follows the BT lead, and how far it risks narrowing the discount against its rival. The unanswered question for BT is how far it can replace the lost revenues with higher volumes. Stand by for exhortations to ring Australia, and not just on Christmas Day.

TI Group

TI's last report and accounts vividly illustrated how tangible engineering assets like factories and lathes are being consigned to the dustbin of history. While the group's earnings per share under Mr Lewinton's stewardship as chairman increased by 137 per cent in the five years to end 1990, shareholders' funds in the same period were just 51 per cent higher.

With £373m of goodwill and reorganisation costs written off since 1986, TI's shares are inevitably more geared than before to shareholders' trust in management. On this basis, the 14 per cent slide in interim pre-tax profits announcement yesterday should do nothing to shake the fan club's faith. The figure is only about 8 per cent down at constant exchange rates and with last year's hedging gain stripped out. This performance will look even better after other stalwarts of the UK engineering sector have told their stories next week. The signs are, moreover, that the US automotive tubing business which let the side down in the first half will recover as North American car production picks up over the next few months; though whether the company's assumption of 10.3m new cars being produced in the US this year is realistic is another matter.

While the shares, up 12p to 559p yesterday, have shown their qualities during the recession, one inevitably wonders whether they will be equally sought for the recovery. The scope for squeezing costs is now much reduced but the group's strong market positions should ensure wider margins as markets pick up. The time to worry will be if TI goes for a big acquisition outside its field of expertise. For the moment, the management's feet seem firmly on the ground.

Bass

The decision by Bass to call off the sale of its Coral betting shops is open to a rich variety of interpretations. For the new banking owners of Brent Walker, the eventual task of unloading William Hill may appear easier now that Coral is no longer on the market. Alternatively, it may come as a blow to them that no one was prepared to come up to Bass's £250m asking price for the other top operator in the UK market after Ladbroke.

For Bass, the decision is scarcely good news. The company insists that the decision to sell Coral was not directly linked to the £147m purchase of the Granada bingo business in May. But even before that, the £558m rights issue in March was evidence of pressure on cash flow. The company is committed to formidable amounts of capital expenditure in the next few years on the Holiday Inn hotel chain. It also has to find perhaps hundreds of millions for free trade loans. It appears to have some catching up to do on refurbishing its vast pub estate. The fact that it is not prepared to sell Coral at any price, and now claims that it is once more a long-term investment, might suggest that the pressure is not unmanageable. On the other hand, critics of management style could argue that the whole process of putting Coral up for sale and then withdrawing it would have been better conducted in private from the outset.

Japanese MPs to set up securities probe

By Stefan Wagstyl in Tokyo

JAPAN'S ruling Liberal Democratic party and opposition parties yesterday agreed to establish a special parliamentary committee later this month to investigate the country's securities scandal.

The move follows revelations this week by 17 Japanese stockbroking companies that they paid stock-loss compensation totalling Y172bn ($1.2bn) to selected clients.

Most of the recipients were big industrial companies and other subsidiaries. But it emerged yesterday that one favoured client was a property services company headed by a son of Mr Shin Kanemaru, an LDP leader and a former deputy prime minister.

Mr Kanemaru confirmed that his second son, Mr Shingo Kanemaru, ran the company but he denied knowing about the compensation payments which totalled Y21m. The money was paid by Okasan Securities, a medium-sized broker.

The terms of the parliamentary committee have yet to be set. Some MPs want to investigate the scandal further to force additional disclosures from reluctant securities companies. Others are more concerned with examining regulatory changes, including the possible establishment of a securities and exchange commission. However, there are also MPs who feel the scandal may have run its course and that reforms are best left to the Finance Ministry.

In spite of yesterday's revelation about the company of Mr Kanemaru's son, politicians have so far managed to keep their names out of the affair – even though it is widely known that many leading MPs have had very close links with brokers in recent years and made large amounts of money from stock trading.

Meanwhile, the Keidanren employers' federation told companies which had received compensation to decide how to explain themselves to the public. In effect, the Keidanren ducked responsibility for punishing any of its members.

Some companies have admitted receiving compensation but others have not, claiming that they did not know the nature of payments they had collected from brokerages.

Saudis and Kuwaitis owe $7.5bn

Continued from Page 1

amount was payable in dollars to itself, while Japan has interpreted the amount as being in yen (worth rather less in dollars now because of exchange rate movements) and payable to all coalition partners. While Japan made a payment to cover part of the difference, there remained a gap of $670m.

However, at a meeting three weeks ago with Mr Toshiki Kaifu, the Japanese prime minister, President George Bush said any differences had been resolved.

But several leading congressmen have been critical of the administration for forgiving the Japanese obligation without adequate consultation. This has underlined Congressional criticism of Japan as compared to other foreign contributors such as Germany which have paid in full.

US index shows manufacturing revival

By Michael Prowse in Washington

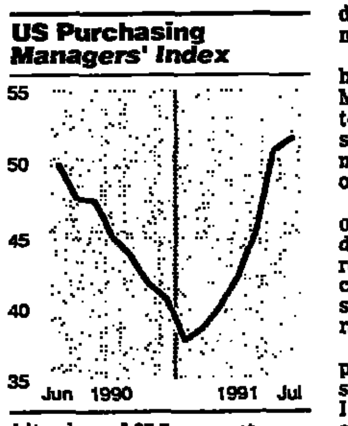
FURTHER evidence of a revival in US manufacturing and a drop in claims for unemployment insurance yesterday helped dispel fears that the US recovery would peter out.

The Purchasing Managers' Index – a closely watched gauge of industrial health – rose to 51.8 per cent in July, compared with 50.9 per cent in June.

The second consecutive monthly reading above 50 per cent – the level that indicates the manufacturing economy is expanding – suggests industrial production will continue to expand in the third quarter. The index was last above 50 per cent in May last year, before the onset of recession.

Purchasing managers have grown steadily more optimistic since January, when the index hit a low of 37.7 per cent.

US Purchasing Managers' Index



Mr Robert Bretz, for the National Association of Purchasing Managers, said the latest survey indicated that production rose sharply last month.

The growth of new orders, however, was not as rapid as in May and June. But with inventories low, "the economy should continue to grow at a moderate, if not robust, pace over the months ahead".

Indices measuring new orders and new export orders declined last month but remained well above 50 per cent. They thus indicate expansion, but at a slightly slower rate than in previous months.

The survey showed price pressures moderating for the seventh consecutive month. Inventories fell in July, although at a slower rate than previously, suggesting that economic growth may soon be supported by a rebuilding of industrial stocks.

Separate figures yesterday showed a sharp, 21,000 drop in initial claims for unemployment insurance in the third week of July.

The decline, which follows an unexpected increase in the previous two weeks, should help allay fears that labour market conditions are deteriorating. Claims are now running at a weekly rate of just over 400,000 compared with a peak of about 540,000 last March.

● Construction spending rose 0.3 per cent in June to a seasonally adjusted annual rate of $400.3bn. Recent figures suggest the recession in construction may be beginning to level out after sharp falls every quarter since early last year. However, spending is still 11 per cent below the level of last June.

EBRD chief ignites battle for equal salaries in Washington

By Peter Riddell, US Editor, in Washington

MR Jacques Attali, president of the European Bank for Reconstruction and Development, has not for the first time ignited a furious row in Washington. This time it concerns a battle for pay comparability among the heads of the main international financial institutions.

At present the heads of the International Monetary Fund and the World Bank each receive $225,000 a year in basic salary and allowances. But Mr Attali, head of the new and much smaller organisation, is being paid the sterling equivalent of $290,000.

There is a Gallic twist since both Mr Michel Camdessus, the IMF managing director, and Mr Attali are French, though the former is older and more experienced. Once Mr Attali's salary emerged, there was a French-led campaign to raise Mr Camdessus's salary to his compatriot's level, with a consequent increase in the pay of the World Bank president. Their pay was last fixed three years ago and an increase of 16 per cent would have covered inflation.

The executive board of the IMF yesterday approved a 28.8 per cent increase in Mr Camdessus's pay, bringing him up to Mr Attali's level. The Bank board was last night considering a similar rise for Mr Barber Conable, who is retiring as president of the World Bank.

Many sizeable shareholders, including the US, oppose the scale of the increase, which is embarrassing at a time when the proposed 50 per cent increase in IMF resources or quotas is already in trouble in the US Congress.

The argument has also not helped Mr Camdessus's chances of winning a further period as managing director after his current term runs out at the end of this year.

At the IMF, finance ministers of member governments approve the managing director's basic salary, which is equivalent to two-thirds of the overall package, and the allowance is fixed by the executive board.

Israelis agree to peace talks – with conditions

Continued from Page 1

Israel insists on joint Jordanian-Palestinian representation and on the exclusion of anyone linked to the Palestine Liberation Organisation or resident in the contested eastern half of Jerusalem, while the Palestinians say it is up to them to choose their own delegates.

Last night Mrs Hanan Ashrawi, one of Mr Baker's Palestinian interlocutors, rejected Mr Shamir's statement as irrelevant. "A 'yes' with conditions is a 'no' in fact," she said. "The Palestinians insist on choosing their own delegates to talks."

There were no immediate signs that Mr Shamir's qualified acceptance of the US plan was threatening his right-wing coalition government ahead of the next cabinet meeting on Sunday. Mr Yuval Neeman, the minister of science and member of the extreme right-wing Tehiya party, described Mr Shamir's statement as a "yes but". He said: "There are those who believe it's like saying no."

Ministers loyal to Mr Shamir and his Likud party have sought to blunt right-wing criticism of the government by denying that Israel will make concessions. Mr Moshe Arens, defence minister, said: "Anyone who says we're heading towards concessions doesn't know Yitzhak Shamir."

The Israelis and Palestinians both fear that they will be trapped into making concessions, and are manoeuvring to ensure that the other side will be blamed for any breakdown in the negotiations.

WORLDWIDE WEATHER

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FINANCIAL TIMES
COMPANIES & MARKETS

Friday August 2 1991

INSIDE

BankAmerica pays $400m for bank

BankAmerica, the US regional bank, has strengthened its grip on the western US market with the agreed purchase of Valley Capital, the second largest banking business in Nevada, for about $400m in stock. Page 15

AIG ahead 9% in second quarter

American Insurance Group posted a 9 per cent rise in second-quarter net income to $401m against $367.9m earlier. Revenues rose 8 per cent to $4.1bn. Page 15

Smiths buys US hose group

Smiths Industries, the UK aerospace and medical systems group, is buying Flexible Technologies, one of the leading US manufacturer of hoses, pipes and flexible ducting, for $56m. Page 14

Record Fokker takes to the air

Fokker, the Dutch aeroplane maker, yesterday began to fill the biggest industrial order in Dutch history, when it handed over the first of a 75-aircraft order to American Airlines. The order represents a breakthrough for Fokker in the US but the group now must decide whether to extend its range of aircraft or negotiate ventures with other manufacturers. Page 14

Anglo-French arms venture

A joint venture to bid for large defence contracts in Europe, the Far East and the Middle East has been formed by British Aerospace and Sema Group, the Anglo-French computing services company. Page 18

Back on the right track

TELFOS

Telfos, the UK rolling stock supplier, has put its disastrous investments behind it and now plans to get back on the rails and concentrate on trading, rather than predators and refinancing. Richard Gourlay reports. Page 20

Italy liberalises debt markets

The liberalisation sweeping across Italy's securities industry has mostly buffeted equities but developments now in the government debt markets are at least as important. Page 17

Chilean copper miners strike

Miners at the El Teniente copper mine of the Chilean Copper Corporation went on strike early yesterday after miners forced union leaders to backtrack on an agreement with management to postpone the strike date by 48 hours. Page 22

Worst Soviet harvest for years

The Soviet harvest now being gathered looks like being the worst for many years. This is likely to force the USSR to press the West for further credits for grain imports to avoid widespread hunger this winter. Page 22

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Schmalbach L	519	+	15
Imetal	289	+	6
Union Immob	487	+	17
Falls			
AMB	920	–	30
Allianz	2120	–	40
Douglas	702	–	14.5
Schering	804	–	19
NEW YORK ($)			
Rises			
Amer Express	26⅛	+	1
Biogen	29⅜	+	1¼
Logicon	27⅜	+	1⅜
Petroleum Equ	4⅜	+	1¼
Valley Capital	33¾	+	5¼
Falls			
McDonnell Dglas	56⅛	–	1
PARIS (FFr)			
Rises			
Havas	478.9	+	10.9
Falls			
Accor Entre	1061	–	39
Dollfus Mieg	318	–	11
TOKYO (Yen)			
Rises			
Hokko Chem	1220	+	100
Shochiku	1980	+	180
Tomoegawa Paper	748	+	88
Falls			
Fuji Fire & M	985	–	85
Nihon Nohyaku	1820	–	170
Tokyu Store	1160	–	140

New York prices at 12.30.

LONDON (Pence)			
Rises			
Abbey	65	+	8
Border TV	48	+	5
Cater Allen	350	+	17
Copson (F)	34	+	4
Dale Elect	67	+	11
Davies Newman	135	+	20
Devenish (JA)	199½	+	27½
ERF	158	+	18
Gen Accident	555	+	14
ICI	1343	+	10
Menzies (J)	394	+	30
Reuters	799	+	24
Sun Alliance	376	+	9
TI	559	+	12
Falls			
ADT	500	–	23
Anglia TV	166	–	9
Barclays	465	–	13
Midland Bank	207	–	7
Nat Home Loans	28	–	4
Wellcome	708	–	13

Philips surges 86% in first half

By David Brown in Amsterdam

PHILIPS, the Dutch electronics group which ran up heavy losses last year, yesterday reported a strong recovery in second quarter profits, despite a further sharp drop in its key consumer electronics division.

Mr Henk Appelo, the group finance director, said the result was "encouraging in light of unfavourable economic conditions", but he would not hazard a forecast for full-year profits.

Net income from continuing business operations, the best available measure of Philips' performance, rose 86 per cent from Fl 43m ($22m) the first half of 1990 to Fl 322m in the six months ended June 1991.

Quarterly earnings rose from Fl 135m during the first three months to Fl 187m in the second quarter. During each of the two final quarters of 1990, Philips' losses were more than Fl 2bn.

First-half sales slipped 1 per cent to Fl 26bn, due to the sharp downturn in consumer electronics. However, full-year turnover is expected at least to match the Fl 55.76bn of 1990.

Consumer electronics saw operating income for the half year fall from Fl 625m to Fl 439m. Analysts said the result was expected in light of the transfer late last year of Philips' loss-making personal computer activities to this division.

In lighting, operating results fell from Fl 327m to Fl 261m.

Philips' components division generated earnings of Fl 231m, against a 1990 loss of Fl 59m, although sales were unchanged.

Other computer activities broke even and medical systems produced "very good results". Thus, the overall professional products division recorded strong first-half earnings of Fl 251m, against a loss of Fl 111m in 1990.

Philips hopes to finalise the sale of most of its computer activities to Digital Equipment Corporation (DEC) of the US this October. This sale implies a further cut in the work force to 253,000 by the end of the year, compared with 273,000 at the close of 1990.

Mr Appelo says Philips has no plans for further big asset disposals, despite market speculation that the communications business, medical systems and semiconductor operations are about to be put on the block.

Super Club, the loss-making video rental company which is 51 per cent owned by Philips, will be consolidated in the 1991 group accounts.

The North American operations – which suffered heavy losses in the first six months of 1990 – are almost at break even, following implementation of a restructuring programme.

There was a slight upturn in operating income in Europe and Asia. Operating income in Latin America also improved in the second quarter of 1991.

Koito uneasy at Swedish shareholder

By Robert Thomson in Tokyo and Robert Taylor in Stockholm

HAVING SEEN Mr T. Boone Pickens, the Texan corporate raider, *ride off into the sunset*, Koito Manufacturing, the Japanese car parts maker, was yesterday surprised to discover that a Swedish investor, Carlson Investment Management, is likely to become its largest shareholder.

Mr Pickens' widely publicised showdown with Koito, which is closely linked to Toyota Motor, had brought the company under scrutiny from Washington, as the Texan claimed to be leading a crusade against Japanese corporate collusion. When Mr Pickens retreated a month ago, Koito executives were relieved that "our shares are now a completely domestic matter".

However, Azabu Building, a Japanese property developer, confirmed yesterday that it has agreed to sell its 33 per cent stake in Koito, Japan's largest maker of car lights, to Carlson Investment Management, for an estimated Y115bn (£497.83m).

Azabu had accumulated Koito shares in the apparent hope that it would prompt Toyota or Koito to repurchase the shares. After the failure of that tactic, Mr Kitaro Watanabe, a Japanese stock investor and land developer who runs the Azabu group, provided Mr Pickens with the Y143.1bn needed to buy the 26.4 per cent stake in March 1989.

The Texan unsuccessfully attempted to win seats on the Koito board and stormed out of a Koito shareholders meeting, promising to bring the wrath of Washington down on Koito. However, his campaign ended quietly in late June, when he transferred the shares back to Mr Watanabe.

Koito, in which Toyota has a 19 per cent stake, was bewildered yesterday: "It is very surprising. We have never heard of this Swedish company. We don't know why they would want to buy our shares. We have not been told what their intentions are. We understood the intentions of Pickens very well."

The company is further embarrassed at the prospect of becoming the subject of international attention. Moreover, the company suspects that it may not have heard the last of Mr Watanabe, who stands to lose money at an apparent sale price to Carlson of Y2,175 per share. Koito's closing price yesterday was Y2,370. Azabu said it bought the shares for about Y3,800 each.

Carlson Investment Management is an independent Sweden-based finance company founded in February 1990. Its proposed SKr5.5bn purchase of Azabu's stake in Koito will be its biggest single portfolio investment. "We see this as a purely financial investment," said Mr Bjorn Carlson, who heads the company.

The company is involved in equity, bond and currency investments as well as options and futures. It has a number of affiliate companies like Luxonen and Hadronen, which are listed on the Stockholm bourse, with a particular interest in investing in tanker contracts and property.

Mr Carlson said the Azabu deal was being finalised with lawyers. He could not disclose details. He added that Carlson Investment and its affiliates had assets worth SKr1.3bn.

Better the devil... Koito admits that at least it understood the intentions of T. Boone Pickens. It does not relish the prospect of once again becoming the subject of international attention

Deutsche Bank rises 15% to DM3.1bn

By Katharine Campbell in Frankfurt

DEUTSCHE BANK, Germany's biggest bank, yesterday reported a 15.6 per cent increase to DM3.16bn (£1bn) in first-half total operating profits.

The increase was due largely to strong balance sheet growth alongside an improved performance in own account securities trading.

The cost to the bank of aggressive expansion into the newly opened eastern half of Germany is however clearly evident: the figures show a 28 per cent surge in the administrative costs incurred by the parent bank. These climbed to DM3.23bn, of which DM2.14bn were attributed to staff costs.

Deutsche Bank last year took on 8,000 employees from the old east German system, and has embarked on a lengthy retraining exercise. The 185 branches in the east have also employed an additional 1,000 apprentices.

Group partial operating profits advanced 12 per cent to DM2.46bn for the first six months, but by 22 per cent to DM1.79bn at the parent bank.

The previously separate Deutsche Bank Berlin was absorbed by the Deutsche Bank parent with effect from April 1. At the end of June about an eighth of the domestic balance sheet total derived from east Germany.

Own account trading profits - for both fixed income securities and equities - were helped by more clement market conditions, although it was in the second half of last year, with the effects of the Gulf crisis, that the earnings of most of the German banks suffered particularly.

Domestic credit volume rose, on account of persistently high interest rates, largely in the shorter maturities, while foreign customers mainly increased their borrowing in longer-term credits in excess of 4 years.

Total group credit volume amounted to DM289.7bn, or an increase of 14.3 per cent. Of that, lending to customers in the east, including Berlin, amounted to DM20.1bn. Interest margins also improved somewhat. The bank only discloses a figure for the parent entity where the average margin climbed five basis points to 2.60 per cent.

Net interest income for the group attained DM5.19bn; a 23 per cent increase compared with the first half of 1990.

Growth in fee income failed to keep pace, advancing only a modest 5 per cent to DM1.86bn, which was blamed mainly on lower turnover in equities trading.

Other bank results, Page 14

Bérégovoy unveils plan to float stake in key lender

By George Graham in Paris

FRANCE yesterday moved further away from its opposition to privatisation by authorising a stock market flotation for Crédit Local de France, the country's market leader in local government finance.

Mr Pierre Bérégovoy, the finance minister, agreed to float as much as 25 per cent of Crédit Local on the market, probably in November.

The state will sell part of the 47.5 per cent it holds directly and indirectly in Crédit Local. However, Caisse des Dépôts et Consignations, the autonomous state financial institution which owns a further 25 per cent, will keep its stake. This will maintain the state's overall majority in Crédit Local's capital.

Finance ministry officials yesterday played down suggestions that the operation would be another breach in the dogma of neither privatisation nor renationalisation, known as "ni ... ni ...", laid down by President François Mitterrand during his re-election campaign in 1988.

They said there had already been six other stock market offerings by public sector companies since then, adding that Mr Bérégovoy had always adopted a pragmatic approach to the state's holdings.

Nevertheless, all the other offerings have been designed to raise fresh capital for the company in question. Crédit Local, which is already strongly capitalised, will be the first operation since the Socialists returned to power in 1988 to raise cash directly for the state.

Crédit Local, which made net profits of FFr925m ($157m) last year, is the heir to the former Caisse d'Aide et d'Equipement des Collectivités Locales (CAECL). Since the 1985-87 reform of local government finance, however, it has had to compete with other lenders.

The bank, which is rated Triple A, still holds a 40 per cent share of the French local government funding market. It had new loans of FFr36.2bn last year and an outstanding loan book of FFr220bn.

The market for local government loans has overheated in recent years, as new lenders drove down margins and encouraged municipalities to excessive debt levels. This culminated last year in the default of Angoulême, a town of only 46,000 inhabitants which built up FFr1.2bn of debts.

Officials said the flotation should invigorate the French equity market through encouraging investment by the public.

Barclays falls 37% to £378m

By David Lascelles, Banking Editor

BARCLAYS, the UK's largest banking group, displayed the scars of recession by reporting a 37 per cent fall in interim profits yesterday, and leaving its dividend unchanged. Even so, the £378m ($635m) before tax was considerably better than many analysts' forecasts, and profits at BZW, Barclays' investment banking arm, rose 43 per cent to £40m.

The group was also helped by a £123m write-back of provisions which it had made earlier against Third World loans.

Sir John Quinton, chairman, said: "I don't regard these results as satisfactory for a bank of our size, but they are not unexpected in the context of the sharpest recession since the war."

The result compared with a £602m first-half profit last year, and it was depressed mainly by the very large £799m provisions which the group had to make against bad debts.

The UK domestic banking and treasury operations bore the brunt of the recession with earnings cut to £68m, compared with £275m in last year's first half.

Sir John warned that Barclays will be taking a tougher attitude towards lending to small businesses in future. This would mean that less credit would be available, and its price would have to rise.

Over the past 12 months, Sir John disclosed, Barclays had been making provisions against bad small business loans at the rate of £1m a day.

BZW was among the better performers in the group. Its result was boosted by the worldwide pick-up in investment banking markets following the conclusion of the Gulf war and the acceleration in economic activity. High levels of capital raising in the world's main financial centres aided underwriting and trading activities.

Corporate and government bonds showed the strongest growth. Although BZW made a profit on its worldwide equities business, the performance was patchy with Tokyo showing a loss. BZW has also pulled out of the US equities business because it was unable to make an adequate profit.

Mr Andrew Buxton, Barclays managing director said that while BZW had a very encouraging first half, it was still not earning an adequate return on its £400m capital.

On an annual basis, the result implies a return of 20 per cent, which was below the group target of 25 per cent.

Slide in sales of US cars helps TI Group fall 14%

By Richard Gourlay in London

TI GROUP, the specialist engineering group, yesterday reported a 14.4 per cent fall in profits in the six months to June, which it attributed mainly to the fall in demand for cars in the US and reduced metal pipe sales in Europe.

Pre-tax profits fell to £54.2m ($91m) from £63.3m on sales down 7 per cent at £441.5m.

Mr Christopher Lewinton, chairman, said that, at constant exchange rates, the decline in operating profits would have been limited to 8 per cent.

Earnings per share fell 4.1p to 22.9p, but the company is to increase its interim dividend 7 per cent to 7p. The market welcomed the increased dividend and the shares closed up 12p at 559p in London.

Mr Lewinton said that the broad base of leading international businesses had stood the company in good stead during the recession.

"You cannot buck the recession, but we will do better than some companies, and these results show that," he said.

The group ended the period with no net debt, having run down a £51m net cash balance at the end of 1991 due to two acquisitions.

TI's problem area was its specialised tubing division, where profits fell £7.1m to £17.1m. The division includes Bundy in the US, which supplies fuel and brake line pipes to carmakers, and Desford, the UK-based supplier of bearing tubes and hollow bars.

US car sales in the first quarter tumbled to an annualised 6.8m from the industry's expected level of about 10.3m, Mr Lewinton said. That accounted for two thirds of the fall in the specialised tube division.

In the second half, however, US car sales had recovered to an annualised 8m-9m and the US producers had not altered their full year forecast for sales, Mr Lewinton said. TI derives 40 per cent of its sales from North America.

The UK recession had helped halve profits at Desford, on sales down a third.

In June, TI paid $45m to acquire Huron Products, a US company involved in fluid carrying systems. It also completed another "bolt-on" acquisition, in mechanical marine seals, with the £50m investment in 50.1 per cent of Dover, a Japanese company, and its US and European associates.

Profits at the specialised engineering division fell to £9.9m from £10.6m partly due to aero-engine builders delaying orders after the Gulf war.

Lex, Page 12

DSM suffers 30% fall halfway

By David Brown in Amsterdam

DSM, the Dutch chemicals group, yesterday reported a fall in net profits before extraordinary items of 30 per cent to Fl 317m ($162m) for the six months ended June, and forecast a "considerably lower result" for the full year.

Turnover declined by 6 per cent to Fl 5.06bn, largely due to the deconsolidation of subsidiaries. If extraordinary items are included, the net result fell to Fl 334m from Fl 487m.

The former state-owned group which was floated in 1989 has been hit by weaker prices and demand, a drop in the value of its inventories and higher fixed costs.

Especially hard-hit were the two biggest divisions, polymers and chemicals. In polymers, where sales remained little changed at Fl 1.89bn, the operating result fell more than half to Fl 98m from Fl 232m.

The chemicals division, somewhat less hard-hit, saw earnings decline to Fl 95m from Fl 125m, primarily as a result of lower volumes.

Most other divisions, including agri-products, resins and plastics, reported a downturn in operating figures.

The net result per share declined to Fl 9.50 from Fl 13.90. DSM will pay an interim dividend of Fl 2.65 a share.

It paid a total dividend of Fl 8 in 1990.

DSM says it plans to acquire two small plastic packaging companies in France – Charfa Provence and Cofira – for an unspecified sum, and to restructure its packaging activities with plant closures in Belgium and Luxembourg.

Petrofina sales up as profits hold

By Andrew Hill in Brussels

PETROFINA, Belgium's biggest industrial group, yesterday reported flat first-half profits and warned that it did not expect margins to recover before the fourth quarter.

The oil company's consolidated profits to June 30 edged up to BFr10.26bn ($285m) from BFr10.12bn in the same period last year. Sales rose to BFr280bn from BFr245bn.

The group said oil refining margins had dropped and an international cyclical slowdown had hit petrochemicals. Crude oil production again slipped slightly – to 2.82m tonnes from 2.83m tonnes – but sales of natural gas were up more than 10 per cent.

On Wednesday, Fina, the Belgian group's US affiliate, announced a 92 per cent fall in its second-quarter profits following a drop in natural gas prices and in refining and chemical margins. Petrofina's shares slipped yesterday in Brussels from BFr11,650 to BFr11,575 in heavy trading.

Petrofina estimated that its cash flow for the first six months had increased to BFr27.3bn against BFr22.3bn. However, the group said yesterday that the economic situation would prevent recovery before the fourth quarter.

Statoil up 40% after slow second quarter

By Robert Taylor in Stockholm

STATOIL, the Norwegian state oil company, yesterday announced a 40 per cent growth in profits after tax for the first half to NKr2.4bn ($209m) from NKr1.7bn for the same period of 1990.

However, there was a slowdown in the second quarter.

Total operating revenue for the half was NKr38bn compared with NKr30bn, while the operating profit rose to NKr7.6bn from NKr6.2bn.

The company said the exploration and production business unit had achieved a NKr4.9bn operating profit compared with NKr4.2bn in the 1990 period.

It added that the natural gas activities of the company also showed a strong growth in operating profit to NKr1.9bn, up from NKr1.4bn.

The performance of Statoil's refining and market division was even better, with a rise to NKr750m in operating profit from NKr254m.

The only setback came in petrochemicals and plastics, where there was a sharp drop in operating profit to NKr100m from NKr322m due to reduced production, plummeting prices and higher costs.

The second-quarter figures from Statoil show only a modest rise in after-tax profit to NKr900m from NKr800m, although there was a substantial improvement in operating revenue to NKr18.3bn from NKr14.2bn in the 1990 second quarter.

Operating profit rose to NKr3.4bn from NKr2.9bn, while the profit before extraordinary items increased in the second quarter to NKr2.8bn from NKr2.5bn.

The profit improvement over the first half was due to an increase in oil production, higher prices for oil and gas and better refinery margins, said Statoil.

The company disclosed that about 70m barrels of equity crude oil were produced in the first half, a rise of 14 per cent over the first six months of last year.

Fokker's record order takes off

Ronald van de Krol on the US sale worth $3bn to the Dutch group

FOKKER, the aircraft maker, began to fill the biggest industrial order in Dutch history yesterday when it handed over a Fokker 100 aircraft to American Airlines. On the same day, a new president took over at the Dutch company.

The aircraft, a 100-seater twin-jet designed for the short and medium-haul market, is the first of 75 ordered by American Airlines in 1989.

With options taken out on 75 more, the order is potentially worth more than $3bn to Fokker.

Subcontractors such as Rolls-Royce of the UK, which builds the turbofan engines, will also share the riches.

For Fokker, the deal has significance other than financial. The order marked a breakthrough into the US market, and seemed to seal the success of the Fokker 100 programme, launched in 1983 during the aviation industry's previous big recession.

The order prompted Fokker to enlarge its Amsterdam assembly plant to keep pace with the delivery demands of its biggest customer. Even so, the work is enough to keep the production line working for more than two years.

The handover of the first Fokker 100 coincides with a series of transitions and challenges at Fokker, one of the five western civil aircraft builders.

Mr Erik Jan Nederkoorn, the company's vice-president since 1988, became president of Fokker yesterday, succeeding Mr Marten Kuilman who will head the supervisory board.

Mr Nederkoorn will need to steer Fokker through a period of slack orders in the aviation industry; decide whether to extend the company's range of aircraft; and negotiate a possible partnership with another aircraft manufacturer.

Mr Nederkoorn says he is confident that long-term growth in the industry will average about 5 to 6 per cent a year after the current period of weakness – caused by recession, the effects of the Gulf War and retrenchment by big global airlines.

Orders for the Fokker 100 will keep the production line at capacity until 1994, thanks to 162 firm orders and 119 options from companies including American Airlines, USAir, Garuda of Indonesia and TAT of France.

The company has seen its order book for its other aircraft, the Fokker 50 (a 50-seater turboprop), shrink to 15 firm orders and 15 options. "We think this is too low," says Mr Nederkoorn. "We would like to see a thicker order book."

Erik Jan Nederkoorn: sees expansion of Fokker family

Fokker 50s have sold well in Europe to such customers as Scandinavian Airlines System (SAS) and DLT, the regional subsidiary of Lufthansa of Germany. But so far, the company has failed to win a US order for the Fokker 50, designed and launched with the Fokker 100 in a simultaneous replacement of the legendary F-27 ("Fokker Friendship") and F-28.

"The reason is price," says Mr Nederkoorn, who reckons that Fokker competitors such as ATR, the Franco-Italian consortium, have "bought market share" from the Fokker 50 by charging unprofitably low prices for their turboprops.

Fokker, which is 32 per cent state-owned, has liked to set itself apart from other European aircraft makers which are fully state-owned and unaccountable to private shareholders or the public. The bourse-listed company is particularly irked by the proliferation of plans from European aircraft makers to build a 130-seater aircraft. There are at least three contenders besides Fokker for this promising market.

Fokker made clear this year that it was prepared to enter a partnership with another aircraft maker but it also insisted it was prepared to push ahead with a 130-seater on its own.

Fokker is conducting a feasibility study into launching an 80-seater and a 130-seater aircraft, and the results are due out late this year. But Mr Nederkoorn leaves little doubt that his mind is already made up on expanding the Fokker family. "My own expectation is that there will be an expansion."

Smiths Industries in $56m US acquisition

By Charles Leadbeater in London

SMITHS INDUSTRIES, the aerospace and medical systems group, yesterday substantially expanded its general industrial activities in the US by the $56m purchase of one of the leading manufacturers of hoses, pipes and flexible ducting.

The acquisition of Flexible Technologies will make Smiths a leading international manufacturer of ducting, by complementing its activities in the UK and Germany.

After the deal, Smiths' industrial group will account for a quarter of group turnover, on a par with its medical systems business. Aerospace activities still account for half overall turnover, which was £700m ($1.18bn) last year.

Smiths, which started the year with net cash of £115m, had been expected to make a significant acquisition in either of its non-aerospace activities.

Flexible Technologies, which was purchased from McBain, Rose Partners, the US investment group, specialises in the manufacture of piping and ducting for vacuum cleaners, air conditioning systems and the building industry.

It will complement Smiths' European ducting activities, Flexible Ducting based in Scotland and Flexschlauch Produktions in Germany.

Smiths plans a significant improvement in Flexible Technologies' profit margins, which fall well short compared with the performance of most of the companies in its industrial division.

Credit growth boosts German bank figures

By Katharine Campbell in Frankfurt

THE half-year results of three German banks demonstrate buoyant credit growth, but weaker performances on the fee generating side following a fall-off in equity trading.

At Bayerische Hypotheken- und Wechsel-Bank, the regional Bavarian institution, total operating profits advanced to DM618.7m ($356m) against DM1.08bn for the whole of 1990.

Overall revenues were helped by a reduction in write-downs on the securities portfolio compared with last year. Net interest income amounted to DM1.09bn, an 11 per cent advance, helped by increased corporate lending and a big boost to the mortgage business between February and June.

Net fee income at DM187m declined from DM189.6m, but the bank says its investment funds business in Luxembourg and Germany is growing well.

Westdeutsche Landesbank, consolidating its half-year results for the first time, achieved total operating profits of DM477m against DM840m for the whole of 1990.

Net interest income amounted to DM955m against DM1.81bn for the whole of 1990. Fee income fell back to DM134m after DM284m for the whole of last year.

At Berliner Handels- und Frankfurter Bank, the small Frankfurt-based bank, partial operating profits rose 8.4 per cent to DM129m. Net interest income grew 19.6 per cent to DM262m, but fee income fell 2.5 per cent to DM118m.

INTERNATIONAL COMPANIES AND FINANCE

AIG advances 9% to $401m in second quarter

By Karen Zagor in New York

AMERICAN Insurance Group (AIG) yesterday posted a 9 per cent rise in second-quarter net income to $401m, or $1.88 a share, from $367.9m, or $1.78, in the 1990 period. Revenues rose 8 per cent to $4.1bn from $3.8bn a year earlier.

For the first six months, net income improved 7 per cent to $776.4m, or $3.64 a share, from $723.6m, or $3.51. Revenues increased 10 per cent to $8.2bn.

The company's consolidated assets were about $60bn at the end of the quarter and its capital funds stood at $10.6bn.

Pre-tax income in the quarter rose 12.4 per cent to $520.5m including $31m of realised capital gains.

Mr Maurice Greenberg, the company's chairman, said AIG was continuing to reduce its exposure to areas which did not meet its underwriting standards, and that it shed about $100m of such domestic property-casualty business, primarily in the areas of workers' compensation, transportation and personal lines.

"These results are in line with our expectations and our plans for operating in the continued difficult underwriting environment in the US," Mr Greenberg said.

● General Re, the largest US reinsurance group, had second quarter net income of $160.5m, or $1.82 a share, compared with $157m, or $1.77, in the year-earlier period. Revenues rose to $770.4m from $690.9m. Operating income, however, slid to $136.1m in the quarter from $142.6m.

Mr Ronald Ferguson, chairman and chief executive, said: "Second quarter underwriting results were unsatisfactory due largely to higher-than-anticipated claim activity."

● Mutual Benefit Life Insurance, the New Jersey insurer which was seized by regulators two weeks ago, has agreed to sell its group life, accident and health insurance business to the US subsidiary of Amev, the Dutch insurer, for $500m.

BankAmerica to acquire Nevada group for $400m

By Martin Dickson in New York

BANKAMERICA, the largest bank in California, yesterday underscored its expansion as a regional powerhouse in the western US when it agreed to acquire Valley Capital, the second largest banking business in Nevada, for about $400m in stock.

The move is a significant expansion of its presence in the state of Nevada, which is expected to show one of the fastest growth rates of any state in jobs, population and income over the next decade.

Valley Capital is the parent company of Valley Bank of Nevada, which had assets of $2.9bn and deposits of $2.7bn at June 30 and operates 60 branches in the state.

BankAmerica has a small Nevada subsidiary and together the two will come close in size to the state's biggest bank, a troubled subsidiary of Los Angeles-based First Interstate Bancorp. Valley Capital also owns a small Arizona bank, Caliber, with some $233m of assets.

Bethlehem Steel sees full-year loss despite signs of US recovery

By Martin Dickson

BETHLEHEM Steel, the second largest US steelmaker, has reported a second-quarter loss of $29m and warned that it expected a loss for the full year, despite a gradual recovery from recession in the North American market.

A slump in demand from leading steel users, such as the automotive and white goods industries, has forced most of the large US steelmakers into the red on an operating basis since the start of the year. The second quarter has generally seen lower losses than the first three months.

Bethlehem said its $29m second-quarter loss was equivalent to 46 cents a share and compared with profits in the same period of last year of $22m, or 21 cents. Net sales dipped from $1.27bn to $1.11bn.

The figures were better than some Wall Street forecasts, which had suggested losses of up to 65 cents a share.

The company's steel shipments were 4 per cent down on the second quarter of 1990, mainly because of reduced demand for sheet products from the automobile and light construction markets.

Bethlehem said that it and British Steel were continuing a feasibility study, announced earlier this year, for a proposed joint venture and modernisation of its structural and rail steel operations. Talks are continuing with the United Steel Workers union on the joint venture's need to make labour costs competitive.

The company added there were signs that the US economy was improving and that this would start to have a beneficial effect on steel markets.

A recent upturn in orders for sheet products suggested that many customers had stopped reducing inventories and were shifting to modestly higher production schedules.

While shipments were expected to be modestly higher in the third quarter, the economic outlook remained clouded and demand from certain steel markets, primarily construction and heavy machinery, continued to be soft.

Bethlehem forecast that the US industry's combined domestic shipments would total only 75m tonnes in 1991, down 12 per cent on last year.

The company expected to report a net loss for the third quarter and full year because of high start-up and maintenance costs.

US car makers warned on Japan's competitive edge

By Martin Dickson

THE BIG three US car makers – General Motors, Ford and Chrysler – need to speed up improvements in their operations during the 1990s if they are to close the competitive gap with more efficient Japanese rivals, according to a study released yesterday.

The report, a joint venture between management consultants Ernst & Young and the University of Michigan, says the US industry needs to set much clearer priorities to regain market leadership. Rather than simply improving its operating methods, it needs to make a quantum leap to new business methods.

The study is based on interviews with over 250 leading members of the US motor industry. These executives believe that three Japanese manufacturers – Toyota, Honda and Nissan – will remain the world's most competitive companies in the year 2000. Both Ford and General Motors are expected to improve their relative performance and closely follow Nissan.

The two US companies are expected to rank equally in competitiveness but General Motors would show the greatest improvement, since it is regarded as less efficient than Ford. Chrysler's competitiveness would stay about the same, or decline slightly.

Global markets are expected to expand, with production potential in new Third World regions and strong demand in Europe. North America, where Japanese manufacturers command some 30 per cent of the market, is expected to become even more competitive, and the big three's share of domestic production and sales is generally expected to decline.

American Express in securities sale

AMERICAN Express, the US travel and financial services group, is to sell $300m of preferred securities to Berkshire Hathaway, the investment company controlled by Mr Warren Buffet, the legendary American investor, writes Patrick Harverson. The deal is part of its campaign to bolster its balance sheet.

The privately-placed securities will be non-transferable, carry a maturity of three years and pay a fixed dividend of 8.5 per cent. American Express will redeem the paper no later than maturity by exchanging common shares for preferred stock, which may be redeemed for common stock at any time, at the company's option.

News of the investment was warmly received on the stock market, with the financial group's shares rising $1 at mid-day to $26¾.

Bear Stearns' profits rise 50% despite lower revenue

By Patrick Harverson in New York

BEAR Stearns, the Wall Street securities house, yesterday reported a 50 per cent increase in fourth-quarter profits to $50.3m, aided by a big rise in underwriting fees and trading revenues.

The strong final quarter took full-year profits to $142.9m, a 20 per cent increase on the $119.4m earned in the previous 12 months.

The jump in fourth-quarter profits was achieved in spite of a 6 per cent decline in gross revenues to $604.5m, thanks to an 11 per cent drop in expenses. Full-year revenues were $2.4bn and expenses $2.15bn, little changed from a year earlier.

The rush of corporate bond and stock offerings in the US between April and June boosted Bear Stearns' investment banking revenues by 34 per cent. The improvement was more than matched by income from the company's principal trading activities, which jumped 37 per cent in the quarter.

Increased interest in the stock market among individual investors helped lift earnings from broking commissions by 16 per cent.

Higher revenues from mortgage-backed and high-yield securities business, and from clearing services for correspondent customers, also made an important contribution to overall profits.

NOTICE TO SHAREHOLDERS OF MALAYSIAN SMALLER COMPANIES FUND (CAYMAN) LIMITED

(An exempted company incorporated with limited liability in the Cayman Islands).

Extract of the Interim Report (Unaudited) for the half year ended 30th June, 1991.

	30 June 90	30 June 91
Net asset value (US$'000):	45,317	44,532
Net asset value per share (US$):	11.32	11.13

Extract from Chairman's Statement

The Net Asset Value of the Company rose 22.85% during the first six months of 1991 against a currency adjusted Kuala Lumpar composite Index performance of 18.33%.

Our outlook for the second half is one of cautious optimism, as the degree of strength in the US recovery is anticipated to be an important influence on the market's performance in the coming half.

The Company has a good exposure to the Manufacturing and Industrial, Finance as well as Building/Construction Sectors, and it is presently the Manager's intention to maintain the current level of investment.

9th July, 1991.

Ten Largest Investments	Value (US$'000)	Distribution of Investments Industrial sectors	%
Kian Joo Can Factory Bhd	3,015	Manufacturing	27.26
Rashid Hussain Bhd	1,674	Industrial	21.05
Hong Leong Credit Bhd	1,589	Financial	18.45
Oriental Holdings Bhd	1,554	Automotive	7.36
Industrial Oxygen		Building/Contruction	7.13
Incorporated Bhd	1,402	Properties	3.90
UAC Bhd	1,348	Plantation	3.15
Tai Wah Garment Bhd	1,337	Hotels	2.77
Universal Cable		Agriculture	2.25
(Malaysia) Bhd	1,312	Food	2.13
Metroplex Bhd	1,303	Electrical	1.28
Southern Bank Bhd	1,299	Consumer	1.01
	15,833	Rubber	0.51
			98.25
		Net receivables	1.75
			100.00

The full interim report for the Company is available from the following:

Manager: Credit Lyonnais International Asset Management (HK) Limited, 6/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong.
Registrar: Royal Trust Asset Management (C.I.) Limited, P.O. Box 428, St. Helier, Jersey, C.I.,
Brokers: Baring Secruities Limited, Lloyds Chambers, 1 Portsoken Street, London E1 8DF, England
W.I. Carr (Far East) Limited, 1 London Bridge, London SE1 9TJ, England.
S.G. Warburg Secruities, 1 Finsbury Avenue, London EC2M 2PA, England.

NOTICE TO SHAREHOLDERS OF SIAM SMALLER COMPANIES FUND LIMITED

(An exempted company incorporated with limited liability in the Cayman Islands).

Extract of the Interim Report (Unaudited) for the half year ended 30th June, 1991.

	30 June 90	30 June 91
Net asset value (US$'000):	46,675	28,554
Net asset value per share (US$):	15.55	9.51

Extract from Chairman's Statement

The Net Asset Value of the Company rose 20.7% during the first six months of 1991 reflecting the improvement in equity markets following the successful resolution of the Gulf conflict. Over the corresponding period the Securities Exchange of Thailand Index appreciated by 22.7% in US Dollar terms.

The market rose strongly until early May. However, after peaking at around 925 the market retreated during May and June to finish the quarter at the 765 level after the Bank of Thailand took aggressive steps to keep interest rates high and curtail credit growth. This took the market by surprise and further falls have continued into July.

While the outlook in the very short term remains somewhat clouded, we expect the market to pick up later in the year and are confident that the Company's assets are correctly invested to benefit from this.

9th July, 1991.

Ten Largest Investments	Value (US$'000)	Distribution of Investments Industrial sectors	%
Goodyear (Thailand) Ltd.	2,092	Electrical	17.23
Datamat Ltd.	1,862	Consumer	11.56
Ban Pu Coal Co Ltd.	1,317	Property/Residential	11.00
Thai Industrial Gases Ltd.	1,214	Automotive	10.49
Charoong Thai Wire &		manufacturing	7.83
Cable Co. Ltd.	1,204	Mining	6.49
Singer Thailand Ltd.	1,153	Service	5.62
Land And House Co Ltd.	969	Construction	5.60
Star Block Co Ltd.	966	Food	4.32
Essex International	932	Industrial	4.25
Inter Fareast Engineering		Financial	4.04
Co. Ltd.	928	Commerce	3.25
	12,637	Hotels	1.47
			93.15
		Net receivables	6.85
			100.00

The full interim report for the Company is available from the following:

Manager: Credit Lyonnais International Asset Management (HK) Limited, 6/F, Three Exchange Square, 8 Connaught Place, Central, Hong Kong.
Registrar: Royal Trust Asset Management (C.I.) Limited, P.O. Box 428, St. Helier, Jersey, C.I.,
Brokers: Asia Equity (UK) Limited, Sun Court, 66/67 Cornhill, London EC3V 3NB, England.
Baring Securities Limited, Lloyds Chambers, 1 Portsoken Street, London E1 8DF, England.
Barclays de Zoete Wedd Securities Ltd., Ebbgate House, 2 Swan Lane, London EC4R 3TS, England.

INTL. COMPANIES AND CAPITAL MARKETS

Weak ferrochrome prices push CMI into the red

By Philip Gawith in Johannesburg

THE WEAK state of the world ferrochrome market and the purchase of a new mine and smelter forced Consolidated Metallurgical Industries (CMI) into a loss position for the year to June.

CMI, a subsidiary of the JCI group, managed to increased sales volumes by more than 50 per cent, the result of purchasing the Purity mine and smelter in Rustenburg, but weak sales prices saw turnover rise by only 27 per cent to R274.6m ($97.7m). Prices averaged 48 US cents per lb, against a 1989 high of 81 cents.

The group made an operating loss of R11.3m compared with a R68.9m profit the previous year. The Purity acquisition caused a massive turnround in the interest bill, from R11m received to payments of R19.3m, which left an attributable loss of R24.7m compared to a R71m profit in 1990.

Mr David Kovarsky, chairman, said the deterioration at the operating level reflected the cyclicality of the industry. About 80 per cent of ferrochrome is consumed in the stainless steel industry which saw a 3.7 per cent decline in production in 1989 followed by a 2.9 per cent increase in 1990.

Concern about the group's high gearing, and the need to finance the Purity acquisition, saw the group raise R102m through a rights offer in July. This has reduced the group's debt:equity ratio from 109 per cent in December to 49 per cent after the rights offer.

Mr Kovarsky said the group was currently operating at a profit and he forecast a profit for the year. He said CMI stood to benefit from the weaker rand, increased world steel production and lower production costs as teething problems were overcome at the Purity operation.

Pancontinental Mining debt move

By Mark Westfield in Sydney

PANCONTINENTAL Mining, the Australian diversified miner, is negotiating with Westpac Bank to extend a US$100m note facility, following a A$22m surge in debt last financial year to A$234m ($182.8m). *This is despite raising* A$54m from asset sales during the year.

Mr Tony Grey, Pancontinental chairman, blamed the debt increase on capital expenditure requirements *for its magnesia* tantalum and base metals projects.

He said Pancontinental wanted to renegotiate the note facility, which expires next year, to a five-year term.

In an announcement to the Australian stock exchange, Mr Grey said Pancontinental would make a profit of A$70m *on the recently announced* sale of its Jabiluka uranium deposit to Energy Resources of Australia. Most of the money would be used to repay debt.

The profit would be struck *after paying A$30m to* Texaco of the US for its 35 per cent share of Jabiluka.

The deposit holds 204,000 tonnes of uranium oxide and is *one of the world's richest* undeveloped uranium ore bodies.

Although Pancontinental has been ready to mine the deposit since 1983, it was *stopped* by the incoming Labor government, which has restricted mining and export of uranium to three mines, one of which is defunct.

ERA owns and operates the Ranger mine 15km from Jabiluka and wants to develop the deposit by transporting the ore to the Ranger mill.

Carter Holt hopes to sell stake in Copec

By Terry Hall in Wellington

CARTER Holt Harvey, the New Zealand forestry company, expects its investment in Compania de Petroleos de Chile (Copec), the Chilean group, to be sold by March next year, Mr Richard Carter, CHH chairman, said yesterday.

CHH bought into the timber, fishing and energy company, attracted by tax advantages, in 1985 when, because of the *political situation in Chile,* few other companies would do so.

It decided to sell the shareholding earlier this year to help pay for the purchase of Elders NZFP's New Zealand *forestry assets.*

Mr Carter said selling the investment was a "pretty complex business" but a deal was close to finalisation. There had been strong interest from com*panies in Asia* and the US for the 30 per cent shareholding.

He would not say how much he hoped to get for the investment, but Copec shares were selling on the Chilean stock exchange at 70 pesos, which valued CHH's holding at NZ$1.38m (US$788,600). It had a book value in the CHH accounts of NZ$700m.

Straits S/S Land boosts operating profit

By Joyce Quek in Singapore

STRAITS Steamship Land, the property arm of Singapore's Keppel Corporation, yesterday said group sales fell 22 per cent to S$44.1m (US$25.4m) for the six months to June.

The fall reflects the sale of Prince Engineering, with the company concentrating on its core business of property, investment and development.

However, group operating profits surged 82 per cent to S$15.9m from S$8.7m, underpinned by stronger earnings from the flagship Ocean Building and property services. Interest income dropped to S$3.6m from S$10.1m because of the funding needs of the group's development properties, and lower interest rates. These combined to stagnate pre-tax profits at S$20.7m.

Meanwhile, the construction of Ocean Tower, the annexe to Ocean Building in the heart of the business district, a 27-storey office development at Hoe Chiang Road, and a 28-storey office block at Cecil Street are on schedule and will be completed in the first half of 1992.

The second half's operating performance is expected to be at least maintained at the first half's level.

TWA decision a 'positive step' for TNT unit

TNT, the troubled Australian transport group, reassured creditors and shareholders yesterday that the decision by TWA, *the US airline, to* seek bankruptcy protection was a positive step for Ansett Worldwide Aviation Services (AWAS), TNT's aircraft leasing associate, writes Mark Westfield in Sydney.

TWA leases four McDonnell Douglas aircraft through AWAS. The US airline's deepening financial troubles follow the filing for bankruptcy protection of AWAS's biggest customer, America West Airlines, which leases 11 aircraft.

TNT owns 50 per cent of AWAS, with Mr Rupert Murdoch's News Corporation. Their jointly owned Ansett Airlines owns 20 per cent of America West, which has sought a suspension of lease payments to AWAS.

TNT on Monday revealed it had sold its worldwide parcel-express services into a joint venture with the Post Offices of Germany, France, Sweden, Holland and Canada.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:05 pm on August 1

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	101¾	102¼	+⅛	7.55
ALBERTA PROVINCE 9 3/8 95	600	104	104½	+⅛	8.20
AUSTRIA 8 1/2 00	400	98¾	99¼	+⅛	8.68
BANK OF TOKYO 8 3/8 96	100	99¼	99¾	+⅛	8.56
BELGIUM 9 1/8 92	400	102	102½		7.18
BFCE 7 3/4 97	150	98¼	98¾	+¼	8.11
BNP 8 5/8 94	300	102	102½	+⅛	7.85
BP CAPITAL 9 5/8 93	150	102½	103½		7.68
CANADA 9 96	1000	103⅜	103⅞	+⅛	8.00
CARCO 9 1/4 96	650	100¾	101¼	+⅛	9.05
CCCE 9 1/4 95	300	103½	104		8.02
COUNCIL EUROPE 8 96	100	99¼	99¾		8.22
CREDIT FONCIER 9 1/2 99	300	104¼	104¾		8.67
DENMARK 0 98	250	55¼	55¾	-⅛	8.79
DENMARK 8 1/4 94	150	101¼	101¾		7.77
ECSC 8 1/4 96	193	100¼	100¾		8.17
EEC 7 1/4 93	250	100	100½		7.21
EIB 7 3/4 96	250	99	99½	+⅛	8.00
EIB 9 1/4 97	1000	103¼	103¾		8.52
ELEC DE FRANCE 9 98	200	102½	103	+⅛	8.45
EUROFIMA 9 1/4 96	100	102¼	102¾	-⅛	8.58
EXPORT DEV CORP 9 1/2 98	150	104¼	104¾	+⅛	8.61
FINLAND 7 7/8 97	200	96¾	97¼	+⅛	8.62
FINNISH EXPORT 9 3/8 95	200	103½	104	-⅛	8.34
FORD MOTOR CREDIT 9 1/2 93	300	102¾	103¼		8.13
GEN ELEC CAPITAL 9 3/8 96	300	104	104½	+⅛	8.33
GMAC 9 1/8 96	200	101¼	101¾	+⅛	8.79
HALIFAX 9 1/2 93	200	102¾	103¼	-⅛	7.79
IBM WORLD TRADE 7 5/8 93	150	99¾	100¼	+⅛	7.66
IND BK JAPAN FIN 7 7/8 97	200	96¼	96¾	+⅛	8.69
INTER AMER DEV 7 5/8 96	200	97¼	97¾	+⅛	8.33
ITALY 8 1/2 94	1500	102	102½	+⅛	7.76
JAPAN DEV BK 8 94	150	100¾	101¼	+⅛	7.67
KANSAI ELEC PWR 10 96	350	105¼	105¾		8.60
LTCB 8 5/8 93	150	101¼	101¾		7.72
NEW ZEALAND 8 93	100	100¾	101¼	+⅛	7.61
NIPPON CRED BK 9 3/4 93	150	103¼	103¾	+⅛	7.92
NIPPON TEL & TEL 9 3/8 95	200	103¾	104¼		8.10
NORDIC INV BANK 9 93	200	102½	103	-⅛	7.47
ONTARIO HYDRO 11 5/8 94	200	107¾	108¼	-⅛	8.16
OSTER KONTROLLBANK 8 1/8 93	200	101¼	101¾		7.24
PETRO-CANADA 7 1/4 96	200	95¾	96¼	+⅛	8.38
PRUDENTIAL RLTY SECS 0 99	365.216	50¼	50¾	-1½	9.67
QUEBEC HYDRO 9 3/4 98	150	104	104½	+⅛	8.96
QUEBEC PROV 9 98	200	100¼	100¾		8.93
SAINSBURY 9 1/8 96	150	102¼	102¾	+⅛	8.56
SAS 10 99	200	100¾	101¼	+⅛	9.93
SBAB 9 1/2 95	500	103¾	104¼	+⅛	8.26
STATE BK STH AUST 9 1/4 93	100	101¾	102¼	-⅛	7.84
SUMITOMO BK CAP MKT 9 3/8 93	150	102¾	103¼		7.99
SWEDEN 8 1/8 94	150	100¾	101¼	+⅛	7.77
SWEDISH EXPORT 9 5/8 93	100	103¼	103¾		7.39
TOKYO METROPOLIS 8 1/4 96	200	100	100½	+⅛	8.23
WORLD BANK 8 3/8 99	1500	99¼	99¾		8.61
WORLD BANK 8 3/4 97	1500	102¼	102¾		8.35
XEROX CORPN 8 3/8 96	100	97¾	98¼	+1⅛	9.06

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAPROVEN 11 1/8 95	200	102	102½		10.48
BULGARIAN TRADE BK 8 1/2 96	200	81¼	81¾		14.02
DEUTSCHE BK FIN 5 5/8 96	750	88¼	88¾	-⅛	8.67
DEUTSCHE FINANCE 7 1/2 95	1000	96¼	96¾	-⅛	8.55
EIB 5 3/4 98	400	85½	85¾	-⅛	8.70
EIB 6 7/8 95	300	93¼	93¾		8.66
EUROFIMA 6 1/4 98	400	87½	87¾	-⅛	8.72
FERRO DEL STAT 5 3/8 93	500	95	95	-⅛	9.15
IND BK JAPAN FIN 5 5/8 96	200	87¼	87¾		8.90
IND DEV BK INDIA 6 3/8 94	200	86½	86¾	-⅛	11.36
INTER AMER DEV 7 1/4 99	300	91	91	-⅛	8.88
LUFTHANSA INT FIN 5 7/8 98	500	84¼	84½		9.04
NAT BK HUNGARY 8 96	200	90	90½		10.55
QUEBEC HYDRO 6 3/4 99	300	87¼	87¾	-⅛	9.05
SWEDEN 6 1/8 98	300	87¼	87¾	-⅛	8.76
VENEZUELA 8 1/4 93	100	95¾	96		10.39
WORLD BANK 0 15	2000	16	16	+⅛	7.80
WORLD BANK 5 3/4 96	300	88½	88¾	-⅛	8.88
WORLD BANK 7 1/8 95	500	95¼	95¾	-⅛	8.62

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ASIAN DEV BANK 6 10	100	91½	93¼		6.80
AUSTRIA 4 5/8 98	100	88	88¾		6.97
CHUJITSUYA 7 3/4 95	50	101¼	102¼		7.23
COUNCIL EUROPE 4 3/4 98	250	89¼	89½		6.83
EEC 5 1/2 00	100	90¼	91¼		6.95
EIB 5 3/4 93	100	97	97½		7.23
ELEC DE FRANCE 7 1/4 06	100	103½	104		6.85
FINLAND 5 3/8 95	150	96	97		6.47
GENERAL MOTORS 7 1/2 95	100	102	102¼		6.85
JAPAN DEV BK 5 1/2 94	100	97¼	97¾		6.70
NEW ZEALAND 4 7/8 99	200	88	89		6.97
QUEBEC HYDRO 5 08	100	76½	78		7.52
SKANDINAVISKA ENSK 6 1/2 95	100	98½	99½		6.99
WORLD BANK 5 03	150	86	87		6.74
WORLD BANK 7 01	600	102	102		6.70

YEN STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
AUSTRIA 4 3/4 94	30000	95¼	95½	+⅛	6.90
CANADA 4 3/8 92	80000	97¾	98	+⅛	7.03
CREDIT FONCIER 5 1/4 94	20000	94¾	95¼	-⅛	7.07
DENMARK 7 95	40000	100⅜	100⅝		6.86
EIB 4 5/8 94	40000	94½	94¾		6.86
GENERAL ELECTRIC 5 3/4 93	35000	97¾	98¼		7.20
INTER AMER DEV 7 1/4 00	30000	102¾	103½	+⅛	6.80
ITALY 5 3/4 92	150000	99¾	99¾	-⅛	6.86
KANSAI ELEC PWR 4 5/8 94	60000	94¼	94½		6.98
NIPPON TEL & TEL 5 7/8 96	50000	95¾	96¼		6.85
NORWAY 5 1/8 95	50000	94½	94¾		6.86
SWEDEN 5 5/8 95	20000	95½	96		6.90
WORLD BANK 6 3/4 00	50000	100¼	100½	+⅛	6.70

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94¼	95¼		9.35
KREDIETCORP 7 93 LFr	1000	95¼	96¼		9.40
WORLD BANK 8 96 LFr	1000	96¼	98½		8.99
AMRO BANK 6 1/4 92 Fl	150	96¾	97¼		9.81
RABOBANK 5 3/4 93 Fl	150	94½	95¼		9.61
ALBERTA PROVINCE 10 92 CS	500	100¼	100¾	-⅛	9.69
BCE INC 9 5/8 93 CS	300	99¼	99¾		10.14
BELL CANADA 10 5/8 99 CS	150	99¼	99¾	+⅛	10.79
BRITISH COLUMBIA 9 1/4 93 CS	150	99¼	99¾	+⅛	9.80
EIB 10 1/8 98 CS	130	98¾	99½	-⅛	10.40
FORD CREDIT CANADA 10 94 CS	100	98¼	98¾	+⅛	10.70
GENERAL ELECT CAP 10 1/4 93 CS	175	100½	101		9.95
MONTREAL TRUSTCO 8 1/2 92 CS	100	98½	99¼	+⅛	10.54
ONTARIO HYDRO 10 7/8 99 CS	500	100¼	100¾	+⅛	10.73
QUEBEC PROV 10 1/2 98 CS	200	98¼	98¾	+⅛	10.83
ROYAL TRUSTCO 10 1/4 93 CS	100	99¼	99¾	+⅛	10.76
SWEDEN 9 3/4 93 CS	250	100¼	100¾	+⅛	9.54
BELGIUM 9 1/8 96 Ecu	1250	99¼	99¾		9.31
CNT 7 3/8 93 Ecu	250	95½	96½	+⅛	10.07
CREDIT LYONNAIS 9 96 Ecu	125	96½	98	-⅛	9.97
DENMARK 7 5/8 96 Ecu	250	91¾	92¼	-⅛	9.98
EEC 7 5/8 94 Ecu	200	96	96½		9.41
EIB 10 97 Ecu	1125	103¼	103¾		9.08
ITALY 10 3/4 00 Ecu	1000	107¼	107¾	+⅛	9.43
UNITED KINGDOM 9 1/8 01 Ecu	2750	99¼	99¾	+⅛	9.25
BMW FINANCE 14 1/2 92 A$	100	101¾	102¼	-⅛	11.60
COUNCIL EUROPE 13 93 A$	50	101	102	-⅛	12.14
EKSPORTFINANS 12 3/8 95 A$	75	102½	103¼		11.46
FORD CRED AUST 13 93 A$	50	100	101	-½	12.86
ICI 15 1/2 92 A$	100	102¾	103¼	-⅛	11.53
MCDONALDS CANADA 15 95 A$	100	108¾	109¼		12.08
NAT AUSTRALIA BANK 14 3/4 94 A$	150	105¾	106¼		11.84
STATE BK NSW 14 1/4 99 A$	100	109	109½		12.47
VOLKSWAGEN INTL 15 94 A$	100	106¾	107¼		11.82
ABBEY NATL TREAS 13 3/8 95 £	100	106¼	106¾		11.10
BARCLAYS JERSEY 9 1/2 93 £	250	97¾	98		11.05
BRITISH GAS 12 3/4 95 £	300	105	105½		10.91
DEUTSCHE BK FIN 11 94 £	225	100½	101		10.63
EIB 10 97 £	386.5	97¼	97½	+⅛	10.65
FORD CREDIT FUNDING 9 5/8 93 £	50	96¾	97¼	+⅛	11.77
INTER AMER DEV 11 3/8 95 £	75	102	102½		10.68
ITALY 10 1/2 14 £	400	94¼	95	+⅛	11.13
LAND SECS 9 1/2 07 £	200	82½	83	+⅛	12.01
LEEDS PERMANENT 9 1/4 93 £	50	96¾	97¼	+⅛	11.19
NORWAY 10 1/2 94 £	200	99¼	100		10.62
ROLLS-ROYCE 9 5/8 93 £	150	96¾	97¼		11.51
SAINSBURY 10 7/8 93 £	100	99½	100		11.16
SKANDINAVISKA ENSK 13 1/8 95 £	100	105¼	105¾	+⅛	11.20
WORLD BANK 11 1/4 95 £	100	101¾	102¼		10.63
ABBEY NATIONAL 0 96 NZ$	100	58¾	59¼		10.82
TELECOM NZ O/S FIN 13 1/8 93 NZ$	75	104¾	105¼		10.75
AIDC 7 7/8 93 FFr	600	96	96½		9.99
CREDIT LYONNAIS 10 95 FFr	3200	100¾	101¼	+⅛	9.70
EURATOM 7 5/8 98 FFr	500	91¾	92¼	-⅛	9.32

FLOATING RATE NOTES	Issued	Bid	Offer	C.cpn
ALBERTA PROVINCE 1/32 93	500	100.01	100.11	6.5156
ALLIANCE & LEICS 0.08 94 £	300	99.47	99.57	11.2050
BANCO ROMA 0.03 01	200	92.00	93.00	6.4675
BANCO SANTO SPIRITO 93	200	99.55	99.66	6.5000
BELGIUM 1/16 97 DM	500	99.99	100.10	9.1250
BFCE -0.02 96	350	99.95	100.05	6.1050
BNP 05	300	95.88	96.88	6.3125
BRITANNIA 1/10 96 £	150	99.06	99.26	11.2250
CCCE 06 ECU	200	99.94	100.04	9.5938
CITIZENS FED 0.15 96	100	99.35	99.80	7.0250
COMMERZBK O/S FIN 93	200	102.06	100.16	6.5625
DENMARK -1/8 96	1000	99.64	99.75	6.9938
DRESDNER FINANCE 1/32 98 DM	1000	99.97	100.07	9.2813
ELEC DE FRANCE 1/8 99	400	100.45	100.75	7.0000
FERRO DEL STAT 94	200	100.45	100.70	6.8750
HALIFAX 1/10 94 £	200	99.79	99.89	11.7250
ITALY 00	500	100.80	100.90	6.3750
MITSUI FIN ASIA 1/8 96	100	99.60	99.70	7.0000
MORGAN (JP) 1/4 97	250	98.50	99.25	6.2500
NAT WEST FIN 3/16 05	400	92.00	93.50	6.5000
NEW ZEALAND 93	500	99.89	99.99	6.5000
QUEBEC PROV 01	300	96.63	96.88	6.1250
RENFE 98	500	99.93	100.03	6.0625
SOCIETE GENERALE 96	300	99.26	99.36	6.3125
STATE BK VICTORIA 0.05 99	125	98.45	98.70	6.4875
UNITED KINGDOM -1/8 96	4000	100.00	100.03	5.9375

CONVERTIBLE BONDS	Issued	Conv. price	Bid	Offer	Prem.
ARGYLL GROUP 4 1/2 02 £	60	2.86	116¾	117¾	+7.48
ASDA-MFI 4 3/4 02 £	100	1.64	117¼	118¾	
BURTON GROUP 4 3/4 01 £	110	3.15	117¼	119	
EASTMAN KODAK 6 3/8 01	300	50.67	96½	97½	+19.26
GOLD KALGOORLIE 7 1/2 00	65	1.0554	71½	72½	+50.91
GOODYEAR TIRE 6 7/8 03	150	80¼	76½	77½	+61.03
GRACE (WR) 6 1/4 02	150	42¼	98½	99½	+9.19
HANSON 9 1/2 06 £	500	2.5875	99¼	100	+21.71
HAWLEY 6 02 PREF	400	19.1	74	79	
HILLSDOWN 4 1/2 02 £	150	4.16	111¼	112¼	+96.76
INTL PAPER 5 3/4 02	200	68½	105½	106½	+3.98
LAND SECS 6 3/4 02 £	84	6.72	85	86	+12.89
MITSUBISHI BK 1 3/4 02	300	2727.1	105	107	-0.12
OGDEN 6 02	85	39.077	69¼	70¼	+42.43
PACIFIC DUNLOP 6 3/4 97	75	3.749	106¼	107¼	+1.13
TEXAS INSTRUMENTS 2 3/4 02	300	82¾	83¼	84¼	
THORN EMI 5 3/4 04 £	103	7.45	116	117	+12.67

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price, the amount issued is in millions of currency units. Chg. day=Change on day.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

National Home Loans launches issue of £55m

By **Simon London** in London

NATIONAL Home Loans, the UK centralised mortgage lender which arranged £200m emergency funding last week, launched a £55m mortgage-backed bond issue yesterday, effectively shrinking its balance sheet.

The deal, launched through a special purpose vehicle, was unusual for its small size. Most recent sterling mortgage-backed deals have been of £100m or more. National Home Loans said the deal had been arranged quickly to dispel any lingering doubts about the ability of the company to function normally.

INTERNATIONAL BONDS

Last week the company arranged additional funding from a group of big banks to pre-empt a liquidity shortage, caused by the withdrawal of deposits by local authorities. Up to 40 per cent of NHL's funding came from this source.

These factors led the deal to be priced more generously than other recent issues. The deal pays a margin of 50 basis points over the three month London interbank offered rate but was reoffered to investors at a fixed price of 99.81. At this level the discounted margin is 57 basis points over Libor, seven basis points more than the £200m deal launched by Household Mortgage Corporation on Tuesday.

Goldman Sachs, the lead manager, emphasised that the deal carries a triple-A credit rating on the basis of around £5m subordinated notes which were placed privately. In the event of large-scale mortgage default, the subordinated notes would absorb any losses.

Participants in the deal said the pricing was generous enough to ensure a smooth placement. Many of the investors in the mortgage-backed market are themselves mortgage lenders, with a clear understanding of the credit enhancement and structure of these deals.

Also in the sterling floating-rate sector, Woolwich Building Society raised £75m two-year funding in a deal underwritten solely by UBS Phillips & Drew. The deal, fungible with an outstanding £200m issue, pays a margin of 12.5 basis points over Libor.

● Enterprise Oil has completed a $100m issue of 10-year notes in the US market, under SEC rule 144A. The deal, issued through the company's existing $400m medium-term note programme, was priced to yield 115 basis points above the 10-year Treasury bond, according to lead manager, Lehman Brothers.

Italian derivatives look towards a new future

Haig Simonian explores a series of developments within a relatively unsophisticated bond market

The waves of liberalisation sweeping across Italy's securities industry have mostly buffetted equities. But developments now under way in the government debt markets are at least as important.

After years of isolation, Italy's government bond market has caught the eye of international investors, enticed by relatively high interest rates and the lira's entry last year into the narrow band of the European Monetary System. In recent months, non-Italians have been further encouraged by plans to reform withholding tax payments.

So despite occasional upsets following adverse economic data or doubts about the government's ability to tackle the huge budget deficit, foreign investors have been buying Italian debt in ever larger quantities.

Trading volumes on the *screen-based "primary dealers"* market are now topping L6,000bn ($4.6bn) a day. But although there have been a number of important reforms, notably the creation of the primary dealers' club three years ago, the Italian bond market still lacks the sophistication of most international counterparts.

No gap is more glaring than the absence of futures and options. Despite the upsurge in foreign interest, dealers and investors still lack any instruments to hedge their positions.

That will change next month, when not one, but two futures exchanges launch new Italian derivatives. And the competition will stiffen next year should plans to establish a domestic Italian market come off.

On September 5, the Matif in Paris will christen its new Italian bond future: and two weeks later Liffe in London is due to launch an Italian bond futures contract.

Some way behind is the Italian initiative. The project, which will be based on the screen-based primary dealers' system, should be functioning *by mid-1992, according to the* Treasury.

The sudden rush into Italian futures is understandable given the surge in cash market volumes. Moreover, new futures products are particularly important to fiercely competitive markets such as Liffe and the Matif. And innovations can add incremental volume to existing products as dealers discover new arbitrage opportunities between futures on different bonds.

Delays in developing Italian government bond futures at both exchanges have stemmed from the structure of the cash market, where maturities have traditionally been relatively short and most debt has been in floating-rate form.

ITALIAN SECURITIES REFORM

Only in May 1990 did the Treasury extend fixed-rate maturities beyond five years, with its first seven-year Buoni del Tesoro Poliennali (BTP). And it was not until February that the first 10-year BTP was *issued. Since then,* some L16,500bn of 10-year BTPs have followed.

Both the Liffe and Matif futures are designed to cater for much the same buyers. While Matif's future, based on 6-10 year maturities, will provide a marginally more speculative product, Liffe's contract, based on 8-10 year deliveries, is "technically purer", dealers say. By contrast, no details are yet available about the domestic Italian product.

Not only is there no specification for the Italian contract, but even the legal form, organisational structure and the rulebook for the new market are still missing.

That has triggered speculation that the venture is little more than an attempt by the Treasury and the Bank of Italy to save face in response to Matif and Liffe.

"The main purpose is to discourage the opposition", said one trader.

But the Italians have no intention of setting up a new exchange on the lines of London or Paris, which would probably require time-consuming new legislation as well. The necessity for speed has also ruled out the creation of an open-outcry market, in favour of a screen-based system linked to the current primary dealers group.

Even then, considerable difficulties will remain. Using the 20-member primary dealers' market for futures will severely restrict trading, at least until the group is extended under a new system, possibly to start operations next year. Moreover, vital ingredients for successful futures trading, such as independent brokers, locals or even a clearing house will be absent.

The venture could also create a legal minefield, some traders warn. Deals between participants and outsiders would be little more than over-the-counter transactions, lacking transparency. Moreover, ownership of bonds and enforceability of contracts would have to be regulated. "How could you oblige participants to declare their open positions with non-members", asked one trader. Even if some adequate disclosure system were agreed, enforcement would remain a nightmare.

But the project should not be dismissed out of hand. Although sketchy and presented in haste, traders in the group studying the proposals appreciate the problems and appear determined to overcome them.

Should the Italian venture proceed, it could divide the domestic and foreign markets for lira bond futures. While the domestic venture would appeal to Italian banks and institutions, foreigners – particularly big London-based investment banks experienced on international exchanges – would probably prefer the transparency of an established market.

Moreover, only Liffe or the Matif could provide cross-trading opportunities between different bond futures.

Liffe estimates that London houses already account for around 40 per cent of turnover in the cash market for lira bonds - a figure disputed in Milan. Paris cannot match either city in terms of Italian business at present, but may hope its two-week head start on Liffe will provide an early boost.

Supporters of any home-grown Italian product may be hoping initially to staunch a complete haemorrhage of business abroad. Whoever comes out on top, users look set to win.

Treasuries ease on decline in unemployment insurance claims

By **Patrick Harverson** in New York **George Graham** in Paris and **Sara Webb** in London

US government bonds, already unsettled by Treasury refunding demands, eased yesterday morning on news of a fall in unemployment insurance claims.

At midday the benchmark 30-year bond was down ¾ at 97⅝, yielding 8.367 per cent. The two-year note was also lower, down ⅛ at 100⅛, to carry a yield of 6.824 per cent.

GOVERNMENT BONDS

The trigger for the decline was a 21,000 fall in jobless claims during the third week of July, although the market had already been weak following Wednesday's announcement of a record $38bn second-quarter refunding requirement.

The fall suggested that today's unemployment report for June could show an improvement in labour conditions, something that would reduce the likelihood of another cut in interest rates.

Yesterday's National Association of Purchasing Management report had little impact on prices. The rise in the NAPM index to 51.8 per cent in July was in line with market forecasts.

■ THE French government sold FFr6.9bn of bonds at its regular monthly auction yesterday. Although some primary dealers had worried this might be too much for the market to absorb during the summer lull, prices remained firm, thanks to support from foreign bond markets.

The government took bids for FFr4.05bn of its main 10-year tap stock, the OAT 9.5 per cent 2001, at a cut-off price of 101.6.

This gave a weighted average yield of 9.22 per cent, 10 basis points higher than at last month's auction.

Bids for FFr1.7bn of the OAT 8.5 per cent 2012 long bond were accepted at a cut-off price of 92.3, giving a weighted average yield of 9.33 per cent.

The OAT 8.25 per cent 2004 sold FFr1.15bn at a cut-off price of 92.6, giving a weighted average yield of 9.26 per cent.

The government has now auctioned a net total of FFr77bn so far this year, compared with a target of FFr100bn for the full year.

■ GERMAN government bond prices rallied yesterday morning due to short-covering, but fell to finish slightly lower on the day.

Traders said many market participants had gone short yesterday ahead of the Unity Fund bond auction, and had been forced to cover their positions when they were allocated fewer bonds.

The Liffe bund futures contract, which opened at 83.96, broke through the significant level of 84.10, but later fell to 83.93 following the US Treasury bond market.

■ THE Bank of England was able to sell more of its tap stock, helped by a rally in UK government bond prices yesterday.

Traders said that an estimated £400m-£500m of the 9 per cent gilt due 2011 has been sold so far. The Bank of England announced on July 19 it would sell £1bn of the tap stock as part of the government's borrowing programme. The benchmark 11¾ per cent gilt due 2003/07 opened at 110¼ and rose to 110⅝ by late afternoon to yield 10.15 per cent.

■ JAPANESE government bond prices drifted lower yesterday ahead of today's US labour market report.

Traders are waiting for signs that the US Federal Reserve may consider cutting interest rates as such a move would put pressure on the Bank of Japan to lower the Official Discount Rate.

JGB prices rose early in the Tokyo trading session, helped by the rally in the US Treasury bond market on Wednesday. However, traders said that the JGB futures contract fell on profit-taking, after failing to break through the significant 96.5 level. The yield on the benchmark No 129 JGB opened at 6.57 per cent and closed at 6.585 per cent in Tokyo.

Demand for Y300bn of 20-year JGBs which were auctioned yesterday was weak.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	106.2850	+0.253	10.96	10.93	10.95
BELGIUM		10.000	08/00	102.8000	+0.100	9.52	9.51	9.59
CANADA *		9.750	12/01	99.1250	+0.275	9.88	9.87	10.11
DENMARK		9.000	11/00	97.1500	+0.025	9.46	9.42	9.30
FRANCE	BTAN	9.000	02/96	98.5224	+0.107	9.38	9.33	9.26
	OAT	9.500	01/01	101.6500	+0.090	9.23	9.18	9.18
GERMANY		8.375	05/01	98.2600	+0.120	8.64	8.69	8.83
ITALY		12.500	03/01	96.9500	+0.070	13.49	13.40	13.46
JAPAN	No 119	4.800	06/99	89.0211	-0.043	6.96	7.06	7.20
	No 129	6.400	03/00	96.9269	-0.082	6.59	6.68	6.78
NETHERLANDS		8.500	03/01	97.5500	+0.060	8.88	8.90	8.78
SPAIN		11.900	07/96	99.0250	+0.075	12.15	12.09	11.86
UK GILTS		10.000	11/96	99-04	+02/32	10.21	10.25	10.41
		10.000	02/01	99-07	+04/32	10.13	10.21	10.47
		9.000	10/08	92-15	+03/32	9.91	9.98	10.15
US TREASURY *		8.000	05/01	98-24	-07/32	8.19	8.19	8.26
		8.125	05/21	97-10	-09/32	8.37	8.38	8.44

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. *Technical Data/ATLAS Price Sources*

LDC debt prices to be tracked

By **Tracy Corrigan** in London

FP CONSULT, a Paris-based consultancy firm, yesterday launched an index which will track less developed country (LDC) debt prices.

The index will form the basis of two new derivatives contracts developed by the Swedish options exchange, OM Stockholm. A futures contract and an options contract on the index will be launched in the autumn.

The index will track 13 liquid LDC debt issues from 10 countries, weighted by market capitalisation and expressed as a percentage of face value, from a base of 100 on August 1.

Price quotations will be taken from a group of seven firms, which may rise to ten. The firms, all active in the sector, are: Banco Santander, Citibank, Indosuez, Intercapital, MG First Boston, Merrill Lynch and NMB Postbank.

The market in developing country debt has been transformed over the last year or so, due to the improving credit quality of much deeply discounted debt and the creation of new securities which offer holders easily tradeable investments.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday August 1 1991: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Wed Jul 31 Index No.	Tue Jul 30 Index No.	Mon Jul 29 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (184)	832.88	+0.5	10.37	5.80	11.89	22.56	828.79	832.90	834.85	853.10
2 Building Materials (24)	1064.43	+0.6	9.01	5.86	14.04	30.76	1058.54	1061.61	1068.93	1093.05
3 Contracting, Construction (31)	1154.84	+1.0	9.52	6.76	13.88	32.68	1143.53	1137.83	1136.09	1424.15
4 Electricals (11)	2438.43	-0.4	10.51	5.46	12.11	61.85	2448.00	2476.45	2483.26	2358.55
5 Electronics (25)	1716.89	+1.6	8.80	5.24	15.11	46.89	1689.87	1680.01	1675.76	1751.98
6 Engineering-Aerospace (8)	423.33	+0.6	16.17	5.92	7.43	12.11	420.99	421.64	420.89	458.77
7 Engineering-General (45)	454.95	+0.3	11.99	5.62	10.21	11.82	453.41	455.97	457.81	477.36
8 Metals and Metal Forming (8)	431.24	+0.2	16.36	8.19	7.51	16.93	430.19	437.58	439.37	471.59
9 Motors (12)	318.15	-0.6	12.46	7.55	9.47	10.28	320.12	322.27	322.79	339.76
10 Other Industrial Materials (20)	1609.33	+0.3	8.66	5.00	13.57	36.42	1604.52	1621.58	1625.50	1519.85
21 CONSUMER GROUP (187)	1524.56	+0.1	7.61	3.58	16.20	25.63	1522.73	1522.74	1516.72	1286.00
22 Brewers and Distillers (22)	1848.20	+0.3	8.32	3.59	14.64	34.70	1842.16	1840.50	1828.71	1628.04
25 Food Manufacturing (19)	1205.21	+0.3	9.53	4.10	12.96	24.43	1201.96	1202.39	1204.64	1076.26
26 Food Retailing (17)	2744.26	+0.5	7.83	3.04	16.69	39.61	2730.71	2716.25	2701.10	2527.76
27 Health and Household (22)	3625.40	-0.2	5.35	2.39	21.31	30.93	3633.56	3645.18	3616.61	2490.86
29 Hotels and Leisure (23)	1297.45	......	9.24	5.32	13.05	32.35	1296.79	1307.14	1303.15	1424.11
30 Media (26)	1438.30	+0.5	8.16	4.93	15.91	38.26	1431.17	1427.90	1427.09	0.00
31 Packaging, Paper & Printing (17)	746.84	-0.1	7.53	4.42	16.02	15.15	747.64	748.01	749.41	596.45
34 Stores (32)	987.26	-0.1	7.76	3.77	16.83	17.06	988.59	985.89	984.42	810.21
35 Textiles (9)	592.46	+0.9	8.48	5.23	14.65	13.79	587.14	583.67	582.95	483.79
40 OTHER GROUPS (109)	1260.54	......	9.80	5.11	12.72	29.31	1260.07	1265.64	1271.06	1120.51
41 Business Services (12)	1340.37	+0.2	8.05	4.86	15.36	29.77	1337.92	1331.57	1333.49	0.00
42 Chemicals (21)	1443.70	+0.7	7.10	4.99	17.37	33.03	1433.86	1430.38	1429.68	1198.14
43 Conglomerates (10)	1466.73	+1.0	10.18	7.19	11.87	35.14	1452.29	1454.14	1473.70	1554.25
44 Transport (13)	2255.56	+0.5	8.38	4.72	14.78	50.50	2245.22	2245.65	2248.03	2250.29
45 Electricity (16)	1209.84	-0.7	14.44	5.37	8.85	18.41	1217.92	1231.58	1239.20	0.00
46 Telephone Networks (4)	1510.44	-0.6	9.82	4.03	13.32	28.31	1520.01	1530.57	1533.05	1152.70
47 Water (10)	2324.85	-0.6	17.57	6.62	6.30	118.37	2337.90	2387.82	2433.47	1982.69
48 Miscellaneous (23)	2009.75	+0.4	6.04	4.80	21.44	47.89	2002.20	2004.98	2005.64	1686.72
49 INDUSTRIAL GROUP (480)	1271.63	+0.2	8.85	4.50	13.99	26.53	1269.55	1272.57	1272.48	1137.27
51 Oil & Gas (20)	2481.24	-0.1	10.93	5.52	12.03	67.26	2483.22	2494.06	2491.03	2491.32
59 500 SHARE INDEX (500)	1374.18	+0.1	9.11	4.63	13.71	29.82	1372.36	1375.97	1375.67	1248.86
61 FINANCIAL GROUP (92)	808.83	......	-	5.87	-	21.65	808.71	809.36	810.91	774.00
62 Banks (9)	926.90	-0.9	6.51	6.02	23.02	24.83	935.57	936.12	943.66	825.90
65 Insurance (Life) (7)	1548.08	+0.5	-	5.34	-	41.64	1539.81	1541.73	1535.22	1424.36
66 Insurance (Composite) (6)	665.82	+1.8	-	6.58	-	20.23	653.95	663.36	650.62	641.01
67 Insurance (Brokers) (9)	1151.50	+0.2	6.83	5.86	19.00	30.61	1149.47	1158.52	1145.34	947.45
68 Merchant Banks (7)	437.84	+0.2	-	4.79	-	11.00	436.88	432.95	432.92	434.02
69 Property (36)	922.88	-0.1	6.04	5.04	23.55	19.84	923.96	926.85	928.52	1064.91
70 Other Financial (18)	251.27	+0.9	11.41	7.21	10.97	7.99	248.99	249.21	249.37	285.06
71 Investment Trusts (69)	1224.95		-	3.49	-	20.95	1224.22	1224.05	1222.38	1189.19
99 ALL-SHARE INDEX (661)	1237.31	+0.1	-	4.76	-	27.55	1235.89	1238.75	1238.79	1134.91

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jul 31	Jul 30	Jul 29	Jul 26	Jul 25	Year ago
FT-SE 100 SHARE INDEX ♦	2591.7	+2.9	2593.4	2583.8	2588.8	2595.6	2595.0	2589.3	2579.6	2304.5

FIXED INTEREST

PRICE INDICES	Thu Aug 1	Day's change %	Wed Jul 31	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	121.10	+0.07	121.01	1.78	7.13
2 5-15 years (27)	131.42	+0.15	131.23	1.79	8.39
3 Over 15 years (9)	139.96	+0.14	139.76	3.15	6.44
4 Irredeemables (6)	153.62	+0.27	153.20	2.49	7.34
5 All stocks (70)	130.52	+0.12	130.36	1.94	7.88
Index-Linked					
6 Up to 5 years (1)	160.28		160.27	0.73	2.72
7 Over 5 years (10)	144.84	-0.12	145.02	0.59	2.76
8 All stocks (11)	145.85	-0.12	146.02	0.59	2.76
9 Debs & Loans (66)	110.16	+0.24	109.89	2.50	5.89

AVERAGE GROSS REDEMPTION YIELDS		Thu Aug 1	Wed Jul 31	Year ago (approx.)
British Government				
1 Low	5 years	9.02	9.03	10.73
2 Coupons	15 years	9.82	9.84	10.72
3 (0%-7¾%)	25 years	9.82	9.84	10.72
4 Medium	5 years	10.20	10.23	11.90
5 Coupons	15 years	10.03	10.04	11.18
6 (8%-10¾%)	25 years	9.97	9.98	10.99
7 High	5 years	10.37	10.40	12.00
8 Coupons	15 years	10.14	10.16	11.43
9 (11%-)	25 years	10.04	10.06	11.25
10 Irredeemables		10.01	10.03	10.83
Index-Linked				
11 Inflation rate 5%	Up to 5 yrs	4.43	4.42	5.00
12 Inflation rate 5%	Over 5 yrs	4.40	4.39	4.63
13 Inflation rate 10%	Up to 5 yrs	3.49	3.48	3.89
14 Inflation rate 10%	Over 5 yrs	4.21	4.19	4.08
15 Debs &	5 years	11.84	11.90	13.74
16 Loans	15 years	11.62	11.67	12.78
17	25 years	11.42	11.45	12.49

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	10	10
Corporations, Dominion and Foreign Bonds	5	0	15
Industrials	294	203	1,019
Financial and Properties	113	91	536
Oils	17	18	55
Plantations	0	0	10
Mines	45	22	92
Others	51	43	71
Totals	588	387	1,808

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amt Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
			107	101	Abtrust Preferred Inc. Tst.	102		M12.32	-	16.1	-
			108¼	104	Do. Zero Div. Prf.	108¼		-	-	-	-
			43½	10	Aegis Warrants 5p	43½		-	-	-	-
[illegible]											

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

LONDON TRADED OPTIONS

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Allied Lyons (*590)	550	60	71½	84½	7¼	15½	19
	600	28	42	56½	25½	35	37½
[illegible]							
Land Secur (*508)	500	26½	35½	47½	9½	16	18
	550	6½	14½	22½	41½	43½	46½
M & S (*285)	280	17½	24½	32½	7½	11½	12½
	300	7¼	14¼	21½	18½	21½	22½
Sainsbury (*375)	360	-	-	48	-	-	12½
	386	14	23	-	17½	23½	-
Shell Trans. (*538)	500	45½	57½	62½	6	9½	13½
	550	13½	26	33½	28½	31½	37½
Storehouse (*113)	110	9½	12½	15	5	7	8½
	120	4½	7	9½	10½	12½	13½
Trafalgar (*219)	211	20½	24½	-	9	16½	-
	220	-	-	24	-	-	25
Utd. Biscuits (*394)	390	20½	30½	37	13½	17½	23½
	420	7	16½	22	31	34	37½

Option		Calls Oct	Calls Jan	Calls Apr	Puts Oct	Puts Jan	Puts Apr
Unilever (*761)	750	42½	59½	73½	17½	24½	31½
	800	17	33½	47½	41½	51½	56½
[illegible]							
Thames Water (*369)	350	21½	34½	42½	1¼	5	8
	370	7¼	21	27½	6	11½	16

Option		Calls Sep	Calls Dec	Calls Mar	Puts Sep	Puts Dec	Puts Mar
Eurotunnel (*452)	420	42½	59	73	7½	15	20
	460	20	36½	50½	24½	31½	36
[illegible]							
Abbey Nat. (*296)	280	18½	27½	34½	4½	7½	11
	300	8	16½	23½	14½	16	19½
Amstrad (*50)	50	4	6¼	8¼	3¼	4½	6½
	60	1¼	3	4¼	10	12	13
Barclays (*465)	460	15½	32	40½	16¼	23½	29½
	500	4	14½	23½	47½	49½	52½
Blue Circle (*266)	260	15	23	30	10	14½	17½
	280	6½	13½	20	22	25	26
British Gas (*269)	260	16½	24	27½	3½	6½	10
	280	5	13	17½	13½	15½	19½
Dixons (*244)	220	29	36	41½	2¼	6½	8½
	240	14½	24	29½	7¼	12½	15½

FT-SE INDEX (*2592)

	2300	2350	2400	2450	2500	2550	2600	2650
CALLS								
Aug	305	256	207	159	114	72	38	16½
Sep	324	276	231	186	141	101	69½	43
Oct	336	290	245	202	162	125	93½	64½
Nov	349	304	260	219	180	144	111	82½
Dec †	362	-	277	-	199	-	132	-
Jun †	440	-	367	-	292	-	222	-
PUTS								
Aug	1	1½	2½	5	8½	17½	35	66½
Sep	3	4½	6½	11	18½	30½	49	78
Oct	5½	9	13	20½	29½	43½	61½	88½
Nov	9	13	18½	26½	36½	50½	70½	95½
Dec †	13	-	26½	-	47	-	81½	-
Jun †	34	-	50	-	75	-	112	-

August 2 Total Contracts 20,764
Calls 12,818 Puts 7,946
FT-SE Index Calls 2,220 Puts 2,389
Euro FT-SE Calls 652 Puts 802
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

TRADITIONAL OPTIONS

● First Dealings July 22
● Last Dealings Aug. 2
● Last Declarations Oct. 24
● For settlement Nov. 4

For rate indications see end of London Share Service

Calls in Rosehaugh and Meekatharra. Put in NMW Computers. Put and call in Control Sec.

UK COMPANY NEWS

Sale at higher price hoped for when leisure sector recovers

Bass forced to hold on to Coral

By David Churchill, Leisure Industries Correspondent

BASS, the UK brewing, hotels, and leisure group, has decided not to sell its Coral Racing betting shops after failing to attract high enough bids.

The decision to hold on to the shops for the time being reflects the difficulties of trying to sell leisure assets in the current economic climate.

Bass is understood to have valued the 900-strong Coral chain at about £300m, but failed to receive a bid near that level. It hopes that a sale at a higher price might be achieved when the leisure sector recovers.

Bass was putting a brave face on the decision yesterday, stating that the trading performance for the betting shops had "improved significantly" since the end of the group's half year in mid-April.

Interested parties were told that Coral had made some £8m pre-tax profits in the first half, but was likely to make only about £20m in the full year, against £25m last time, due to the recession.

Coral was put on the market last May when Bass said it had received some unsolicited offers, which it declined to name. J Henry Schroder Wagg was appointed to explore all offers.

Interested parties are believed to have included rival brewers Scottish and Newcastle and a consortium of executives with betting shop expertise. The Tote was also understood to be potentially interested in a merger as part of privatisation moves.

The decision to keep Coral has put Bass in a difficult position in view of its strategy to dominate the markets in which it operates.

Last May it acquired a number of bingo halls from Granada, making it joint market leader in bingo along with the Rank Organisation.

Coral, however, is the third largest UK betting shop chain, behind Ladbroke with about 2,000 shops and William Hill, owned by Brent Walker, with 1,600.

The Monopolies and Mergers Commission would be unlikely to approve any attempt by Coral to grow by acquiring either of its rivals, thus leaving Coral firmly in third place.

Mr Peter Sherlock, chief executive of Bass's leisure division, said last night that he believed "being number three in the market is still a viable position for us."

Bass's shares closed 5p up last night at 924p.

Goodman gives up control of Food Inds

By Kieran Cooke in Dublin

MR LARRY GOODMAN, Europe's biggest beef processor and exporter, last night conceded control of Food Industries, his publicly quoted group, to Greencore, the recently privatised Irish Sugar company.

Mr Goodman controlled 68 per cent of the stock of Food Industries, which groups most of his non meat interests. Greencore had offered I£58m and set yesterday evening as the deadline for receiving irrevocable undertakings from Goodman.

A majority of the Food board recommended acceptance but Mr Goodman said he wanted a considerbly higher price and hinted that he was in discussion with other potential buyers.

After intense negotiations yesterday Greencore was reported to have improved its offer, though this is believed to still fall well short of the price Mr Goodman had wanted.

Last year Goodman International, Mr Goodman's privately held beef conglomerate, revealed that it could not pay debts of more than I£500m to 33 banks. Part of a rescue package worked out between Mr Goodman and his banks involved the disposal of Goodman's non meat assets, including his stake in Food Industries.

It was reported that the banks had put pressure on Mr Goodman to accept the Greencore offer.

Kwik-Fit pleased at disposal of 12.5% German interest

By Maggie Urry

CONTINENTAL, the German tyre group, has sold its 12.5 per cent stake in Kwik-Fit, which has a chain of 600 tyre and exhaust fitting centres.

Kwik-Fit shares fell 3p to 128p yesterday when the 21.15m shares were placed at 125p each, valuing the stake at £26.4m.

At one time Continental was interested in either acquiring Kwik-Fit or in co-operation deals, but it was rebuffed by the company, headed by Mr Tom Farmer.

Continental originally bought a 10 per cent stake in September 1989 and increased it to 13.13 per cent that October. At that time Kwik-Fit rejected proposals put to it by Continental, although details were not disclosed, saying it could "see no merit in them."

In February last year Continental paid £143m for the National Tyre Service chain of 400 outlets from Michelin, the French tyre company. Continental said yesterday that it had taken a further year to get final approval for its NTS purchase from the competition authorities, and that it no longer had any strategic interest in Kwik-Fit.

Mr Peter Holmes, Kwik-Fit's marketing director, said the company was pleased that Continental had disposed of its unwelcome stake. Kwik-Fit had not stocked Continental's tyres.

Analysts said the removal of a possible predator might take some of the sparkle out of the shares, which have been strong performers in recent months.

The stake in Kwik-Fit has been diluted slightly by share issues. Continental did not disclose the price it paid for its holding and declined to comment yesterday on whether it had lost money on the deal. But it would appear to have suffered a loss on the investment since the share price was about 140p when it bought in.

The placing was arranged by James Capel, the stockbroker, which bought the stake at 123p and took a 2p turn on the deal.

Capel said the shares had been placed with a range of institutional investors and had met healthy interest. The company had itself placed 8m new shares in June at 120p to fund the purchase of some properties.

UK Land amputates offshoots

By Vanessa Houlder

UK LAND, the property company which owns the Elephant & Castle shopping centre in London, has announced its intention to put two of its subsidiaries in liquidation.

Mr Colin Tett, chairman, said the parent had decided not to support its development subsidiaries Eldoncliff and UK Land Developments, which were unable to find tenants for their buildings.

"It is better an amputation and we survive, rather than carry everything and let it drag you down," he said.

He estimated the company had lost £18m in the two subsidiaries. The bank involved in UK Land Developments would get its money back, while the shortfall on the Eldoncliff scheme could result in a £100,000 charge on the parent company, he said.

Members and creditors will be asked to appoint a liquidator at a meeting on August 22.

Two directors of the parent company – Mr Philip Williamson, finance director, and Mr Alex Robinson, development director – and Mr Bryan Taylor, managing director of Eldoncliff, have resigned.

Mr Tett said the future of UK Land depended on its Northampton business park. He expected to complete the £19m sale of the first phase today.

Boddington lifts Devenish stake

By Philip Rawstorne

BODDINGTON, the pub retailing group, yesterday announced that it was increasing its stake in JA Devenish, the Weymouth-based pub company, for which it made an unsuccessful takeover bid earlier this year.

Devenish's share price rose 28p to 200p on the news before closing at 199½p.

Boddington has agreed to buy 1.11m shares in Devenish from institutional and other investors to increase its holding to 9.82m shares, 19.06 per cent of the issued ordinary share capital.

Mr Ted Englefield, Boddington's company secretary, said yesterday: "We had an opportunity to add to the stake we built up during the bid and took it.

"We intend to keep our options open, and we have no intention of disposing of our holding in the short term."

He declined to say whether Boddington might acquire further shares or seek representation on the Devenish board.

The bid for Devenish, launched in April after earlier abortive talks of a merger, valued the West Country group at £127.7m.

Boddington, which planned to combine the Devenish pub estate with its own to form "a powerful independent force in pub retailing" offered a 10-for-7 share exchange or a full cash alternative of 210p.

Devenish responded by reshaping its business to concentrate resources on pub retailing.

It sold its beer brands and signed a supply agreement with Whitbread and last month announced the sale of its loss-making Redruth brewery to a management group.

Life Sciences up 35% to £7.7m

By Clare Pearson

LIFE SCIENCES International, the scientific instruments company, achieved a 35 per cent increase in interim pre-tax profits to £7.74m in the six months to end-June in spite of recession in the US, its dominant market.

The result reflected strengthening margins, with pre-interest profits increasing to £6.08m (£5.31m) on turnover of £39.5m (£37m). An increase in interest receivable to £1.66m (£430,000), thanks to a rights issue last year, also helped.

The interim dividend is being lifted to 1.15p, a 15 per cent rise. On a fully-diluted basis, earnings per share rose to 3.7p (3.2p).

Mr Christopher Bland, chairman, said that the company, which made a number of acquisitions in the year prior to these results, did not separate out the contributions of different divisions at the interim stage.

However, he said that Shandon, the tissues analysis business, had been the outstanding performer in terms of improving margins.

At the end of the period Life Sciences acquired a fifth division with the $46m purchase of Neslab, a New Hampshire temperature control company.

The group is now appointing a US-based chief operating officer with responsibility for all five divisions. He is Mr Jeffery Jacobson, formerly general manager of operations at General Electric's silicone products division.

Mr Andrew Bebbington, currently acquisitions director, is to take over as chief executive of Neslab, replacing Mr Tom Butler who is to continue as a consultant.

Mr Bland said the purchase of Neslab, along with two other small acquisitions, had meant that, instead of having net cash of £16.5m the group now had net borrowings of £8.3m and gearing of 28 per cent. He expected cash generation substantially to eliminate that debt within 12 months.

London listing for All Nippon Airways

All Nippon Airways – Japan's second largest airline – is to list its shares on the London Stock Exchange from early October.

The main underwriter will be SG Warburg Securities. The move is to increase the number of foreign investors in the company and to expand business opportunities in Europe.

BAe and Sema link to bid for defence contracts

By Michael Skapinker

A JOINT venture to bid for large defence contracts in Europe, the Far East and the Middle East has been formed by British Aerospace and Sema Group, the Anglo-French computing services company.

The new company, BAe-Sema, will provide consultancy, project management and computer systems for the building of warships. BAe and Sema will each hold 50 per cent. BAe is paying Sema £9.8m for its stake.

BAe said the venture would enable it to bid for naval as well as air and land-based projects. It said that governments were increasingly asking contractors to provide complete defence packages.

Sema said it would gain from BAe's experience in large project management. It sees the joint venture as part of the process of consolidation in the defence industry.

The joint venture will have 1,500 employees, with 1,300 coming from Sema companies. Sema's Yard division, the Glasgow-based naval architecture and warship design operation, and Sema Scientific, which makes naval command and control systems, will both become part of the joint venture. Sema's share of Dowty-Sema, another joint venture, will also be included in the new company. BAe will contribute its embryonic naval business, with 200 employees.

DIVIDENDS ANNOUNCED

Barclays ....int	9.15♠	Oct 10	9.15	-	21.15
Border TV ....fin	1.22	Oct 16	1.22	2.1	2.1
Chieftain Group§ ....int	1.9	Oct 11	1.9	-	4.6
CIA Group § ....int	1.15	Oct 4	1	-	3.2
Dale Electric ....fin	3.1	-	3.1	5.1	5.1
Darby § ....fin	2.1	Oct 7	2.1	3.3	3.3
Lancs & London ....int	1	Sept 12	1	-	2.9
Life Sciences ....int	1.15♠	Oct 11	1	-	2.9
Lilleshall ....int	1.5	Nov 29	1.45	-	3.9
TI Group ....int	7	Oct 10	6.5	-	19.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ♠Scrip alternative

Darby falls to £1.5m and raises £1.25m

By Jean Marshall

Darby Group, the USM-quoted specialist glass products maker, is raising £1.25m in a placing and open offer of 1.33m new ordinary 5p shares at 100p each.

At the same time the company announced a fall in taxable profits from £1.95m to £1.51m for the year to February 28 in spite of higher turnover of £15.1m (£11.1m).

Earnings per share were 9.31p (9.77p) and the dividend payment is maintained at 3.3p with a same-again 2.1p final.

The company's shares closed 2p lower yesterday at 103p.

The proceeds of the placing would be used to reduce borrowings and provide greater flexibility. During the two years to February the company spent more than £9m on fixed assets and acquisitions.

Mr M Darby, the chairman, said that during the past year productivity had increased by more than 20 per cent as a result of investment in automated equipment. However, volumes had remained low and ordering patterns were erratic.

The shares have been conditionally placed with institutional and other investors, with a 1-for-11 clawback.

UK COMPANY NEWS

Brent Walker unveils plan for pub side to raise £70m

By Maggie Urry

BRENT WALKER, the leisure group in the midst of a £1.3bn financial reconstruction, aims to raise £70m from its pubs division over the next couple of years.

This will more than fund a £13m re-branding and capital expenditure programme designed to exploit the opportunities thrown up by a changing brewing industry. Surplus cash will be used to reduce the group's debts.

The pubs division and the William Hill bookmaking operation form the basis of Brent Walker's recovery plan. The group's other assets – such as leisure developments in the UK, Spain and France – are to be sold "in an orderly fashion over a two-year period", Mr John Brackenbury, head of the pubs business, said yesterday.

He said that the group's financial reconstruction was the most complex ever seen in the City of London, and that "good progress" was being made towards its completion. The basis of the group's business plan was the disposal of cash-hungry businesses and retention of cash-generative activities, he added.

The pubs division is changing its name from Brent Walker Inns and Retail to Pubmaster, distancing it from Brent Walker. It will, like William Hill, be a "stand alone" business both financially and managerially. Eventually Brent Walker, which will become a holding company, might change its name, Mr Brackenbury said.

Mr Brackenbury said that since going into the pub business in 1989, the division had built a strong management team and had proved its strategy of offering customers a choice of different brewers' beers. The division made an operating profit of £15.9m (£13.5m), and was forecast to make £18.3m in 1991, with no contribution from land sales.


John Brackenbury: brewers could 'park' their pubs

Mr Brackenbury said that two important deals will follow the completion of the refinancing: the sale of Cameron's brewery in Hartlepool, Cleveland, to a management buy-out team; and a deal with a large national brewer – believed to be Allied-Lyons – to lease a large number of pubs.

These deals could give Brent Walker about £40m, Mr Brackenbury said. Another £30m could be raised over the next two years from the sale of surplus land attached to pubs. The group has, or has applied for, planning permission to develop 400 such sites.

Deals with other brewers could follow and Mr Brackenbury said yesterday that Pubmaster would increase its estate from 1,119 pubs to more than 2,000 pubs within a year. Pubmaster could negotiate "attractive leasing terms from brewers in return for a barrelage commitment".

The large brewers are required under new regulations to reduce the numbers of their "tied" pubs to 2,000 or less by November 1992. As a result there are about 8,500 pubs in the UK which will have to be released from the tie and prices of pubs have fallen. Mr Brackenbury said brewers could "park" their pubs by leasing them to Pubmaster.

Lower cost base boosts Border TV to £0.87m

By Nigel Clark

LOWER OPERATING costs helped Border Television to taxable profits of £866,000 for the year to April 30, compared with a restated £332,000. Turnover for the USM-quoted regional television operator based in Carlisle was static at £12.2m.

An extraordinary charge of £487,000 related to restructuring and severance costs. That compared with a credit of £188,000. The comparative figure was restated to include £236,000 of restructuring costs and a pension fund surplus of £132,000 originally classified as exceptionals.

Mr Melvyn Bragg, chairman, said a number of objectives were achieved in the period, including maintaining market share and retaining its contract unopposed.

An immediate upturn in the economy was not expected and increases in advertising spending were not expected until 1992.

Earnings per share were 6p (3.1p) from which a recommended maintained final dividend of 1.22p is being paid for an unchanged total of 2.1p.

African Lakes slips

The UK motor operations of the African Lakes Corporation failed to shore up the first half results and taxable profits dived from £525,141 to £81,322 on sales down 13 per cent from £22.6m to £19.7m.

In the half-year to March 31 these activities incurred a small loss. The group's other main areas are wholesale distribution and forestry.

Losses per share were 1.49p (1.68p earnings)

Business gains help lift CIA to £1.5m

By Alice Rawsthorn

IN SPITE of a downturn in the advertising market CIA Group, the specialist media buying concern, increased interim pretax profits by 10 per cent from £1.33m to £1.47m.

Mr Chris Ingram, chairman and chief executive, said existing clients had been forced to cut budgets because of the recession, but this had been countered by new business gains and increased investment income.

The interim dividend is raised to 1.15p (1p) on earnings per share of 6.82p (5.27p). CIA's shares rose by 2p to 130p on the announcement.

Turnover fell to £79.29m (£85.65m) during the six months to June 30. However, operating margins had been maintained.

CIA traditionally makes a substantial portion of its pretax profits from income derived from surplus cash – which stood at £7m at the period-end – and from interest on the money received from clients to pay for media space before that money was passed on.

Mr Ingram did not disclose what proportion of pre-tax profits came from investment income. However, he said it was higher than in the last financial year, when it provided 52 per cent of pre-tax profits.

The group has gained £33m in net new business so far this year. Earlier this week it won the $18m (£10.7m) media buying account for Europe and Africa for DHL, the express services company.

Mr Ingram said there was no sign of improvement in the UK, but the market in continental Europe was continuing to grow. CIA International, which handles international media buying, represented 15 per cent of revenue, against just 5 per cent last year.

Second half improvement pulls Dale back to profit

By John Murrell

DALE Electric International, the power and lighting group, more than made up its £146,000 first-half loss through the second six months and for the year to April 28 returned profits of £1.3m at the pre-tax level.

The shares responded with an 11p jump to 67p.

In the previous 12 months, profits slumped to £233,000 (£2.4m) and a restructuring programme was launched.

Sir Tom McDonald, chairman, said yesterday that the process of change and rationalisation would continue and that an outstanding order book of £30m (£28.6m) and a strong presence in export markets had given the group a resilience to the worst effects of the UK recession.

A final dividend of 3.1p makes a same-again 5.1p total. Earnings emerged at 6.62p (losses 0.81p).

Turnover declined from £59.3m to £56.6m. A below the line extraordinary provision of £1.44m related to the sale of a subsidiary and the closure of some manufacturing facilities. Gearing remained at 88 per cent but the group expected full benefits of the restructuring to emerge in the current year.

CONTRACTS & TENDERS

UK COMPANY NEWS

On the turntable for a fresh track

Straight talk from the new man in Telfos' cab. By Richard Gourlay

MR ROGER Pinnington has had his hands full since climbing into the driver's cab at Telfos, the small but potentially important supplier of rolling stock to British Rail.

Most of his two months as chairman has been spent sifting through the wreckage left by the £38m bid aborted by William Cook in January.

The struggle had forced Telfos to reveal how badly it had gone off the rails.

The company's problems led *to a string of top management* departures. These included Mr Stephen Cockburn, the chairman, who eventually departed *in April when Jenbacher* Werke, the Austrian rolling stock manufacturer, took a 29 per cent stake and injected £14m of fresh capital.

Whether the battered Telfos has a future in competition with ABB (through British Rail Engineering) and GEC Alsthom, as BR would like it to have, is the question the company must now address.

For the moment though, Telfos' past "horrors" are in the open and behind it, Mr Pinnington says.

Wednesday's publication of the results for the 15 months to March, which revealed pre-tax *losses of nearly £6m and provi*sions and non-operational losses totalling more than £23m, left "no stones unturned", *he* says.

"At board meetings we are now able to discuss the running of the business and BR's policies," says Mr Pinnington, who was chairman of engineering group Blackwood Hodge until it was taken over by BM Group last year.

"We are now focusing on trading as opposed to predators and refinancing."

Most of the problems relating to non-core investments were revealed at the time Jen*bacher took its stake and are* included in £18m of extraordinary provisions for the 1990 year.

The biggest items were a £7.5m bank guarantee covering a speculative investment in land near Scarborough – the *land is now in the books at just* £800,000 – and a £4m provision in connection with a magnetic computer tape venture with Mr Richard Branson's Virgin group.

On the operational side, Mr Pinnington believes the worst is also behind the group, including a disastrous year at Ganz-Hunslet, the Budapest joint venture with the Hungarian government. This foray into eastern Europe was supposed to have been a star performer.

At one time earlier this year, the 51 per cent-controlled venture was paying £5,800 a day in *penalties to* Hungarian State Railways because of technical problems on units it had supplied.

Mr Pinnington says most of these penalties were retrieved in counter-claims. Nevertheless, the venture made operat*ing losses of £220,000 in the 15* months compared to profits of £2.5m in the previous year.

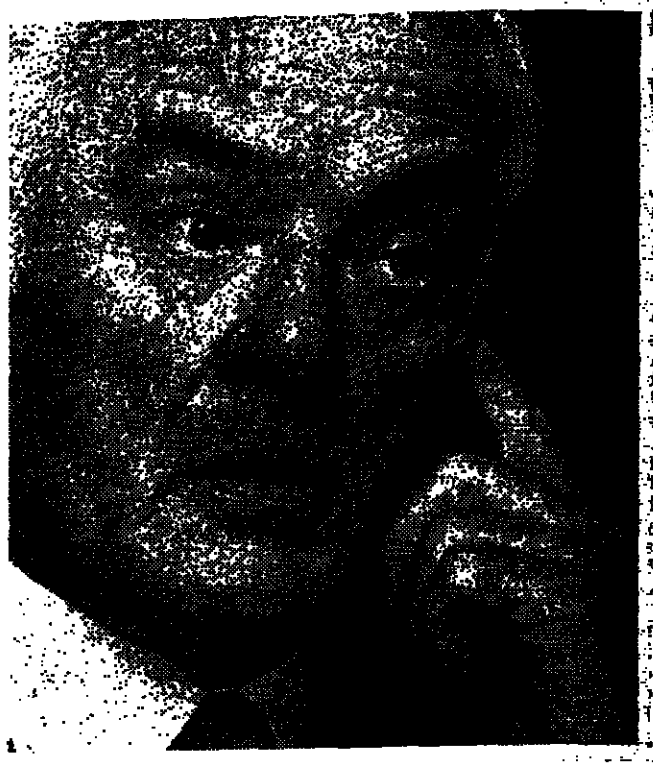
As late as December, last year, Mr Jo Malins, the chief executive who presided over much of the expansion of the group, was forecasting profits of £2.5m from Ganz-Hunslet in 1990.

Instead of facing technical *problems* and lack of funding in Hungary, Ganz-Hunslet is now faced with a lack of orders, says Mr Pinnington.

The *workforce has been* halved to 500 and it is on target to break even this year, a far cry from the promise less than six months ago, but not something that the will derail Telfos in the future, Mr Pinnington believes.

Qualter Hall, the maker of mineshaft equipment which made poor profits in 1990, has also now received orders delayed from earlier in the year.

The group is also reorganis*ing its Leeds site and cutting* the workforce there. It will now use spare capacity at Leeds, rather than its Scottish site, to build rolling stock to meet its £60m contract with BR.



Roger Pinnington: no stones were left unturned

Telfos will supply 37 Class 323 advanced electrical trains, with deliveries scheduled from April 1992, and it has an option to supply up to 14 additional three-car units.

One of the main concerns has been to reassure a worried BR that its financial and boardroom problems *did not* threaten the contract.

Mr Pinnington says that the backing of Jenbacher, positive net cash, the support of its banks and strong operating cashflow have now allayed those fears.

But even though Telfos has stopped venturing down sidings many of which ended in the investment equivalent of the shunting yard, its future as a railway rolling stock supplier to BR is in doubt.

Mr Pinnington recognises that with a market capitalisation of £25m, Telfos' small size will be a barrier to it securing future BR orders in the next ordering round next year.

"BR will want to see a financially restructured business which can fund an order of hundreds of millions of pounds not just £60m," he maintains.

"Telfos on its own is limited *in what it can do, not* because of its past problems – no one questions the technical side of our business – but because of its size."

The necessary restructuring might involve a rights issue, a joint venture or total acquisition by Jenbacher.

Mr Pinnington says his large Austrian shareholder is aware of this size constraint.

During the remainder of his first year at Telfos, he has the task of developing the group to *a size necessary to* be a serious player in the rolling stock market.

NEWS DIGEST

Distribution holds back Lilleshall

THE RECESSION continued to affect the industrial distribution activities of Lilleshall in the six months to June 30 and the group suffered a 38 per cent fall in taxable profits from £1.73m to £1.08m.

Group sales declined to £16.3m, of which the input from industrial distribution was £7.4m. Last time that division contributed £10m to an overall figure of £18.8m.

However, to underline their confidence in the second half the directors have raised the interim dividend to 1.5p (1.45p) on reduced fully diluted earnings of 4.3p (7.7p).

The engineering and building products division produced a small improvement in trading profits.

An extraordinary profit *of* £172,000 represented a sale from the property portfolio. The directors said that rental income would, therefore be lower in the second half.

William Ransom

Profits of William Ransom & Son, manufacturing chemist, fell from £864,000 to £402,000 pre-tax in the year to end-March. Turnover was £6.03m (£6.54m) with earnings of 1.84p (3.76p). A final of 1.169p makes a total of 1.694p (same).

Abbey

Abbey, the Dublin-based housebuilder, reported a pre-tax *profit of I£354,000 (£320,000)* for the year to April 30, compared *with a loss of I£15.5m, which* was struck after an exceptional write-down of I£16.1m.

There was also a lower interest charge of I£1.22m (I£3.59m).

Group turnover was I£58.9m (I£66.2m). Earnings per share were 0.61p (losses 28.14p). There is again no dividend for the year.

Lancs & London

Net asset value of Lancashire *& London Investment Trust* was 97.9p at June 30, an improvement over the 83p at December 31 1990, but some way short of the 125.1p achieved at end-June 1990.

Net revenue in the first six *months of this year rose to* £150,532 (£137,055) and earnings to 1.9p (1.7p) per share. The interim dividend is held at 1p.

Rights and Issues

Net asset value per income share of Rights and Issues Investment Trust rose from *90.3p to 100.4p over the six* months ended June 30. Net asset value of the capital shares rose by 44.6p to 346.3p.

Net revenue at June 30 amounted to £127,085, little changed on the £129,410 achieved 12 months earlier. The interim dividend on the income shares is 2.2p.

Jersey Phoenix

Net income of the Jersey Phoe*nix Trust amounted to £811,448* for 52 weeks to end-June, or earnings of 5.4p per share. The figures compare with £841,910 and 5.6p respectively for the 58 weeks to June 30 1990.

A *final dividend of 1.875p* makes a 5.25p (5.125p) total.

Chieftain

Lower pre-tax profits of £517,000 were announced by Chieftain Group, the USM-quoted supplier of specialist insulation and fireproofing services, for the half year to June 30. The comparable figure was £637,000.

An unchanged interim dividend of 1.9p is declared, payable from earnings of 4.02p (5.01p) per share. Turnover improved to £6.41m (£5.61m).

European Assets

Net asset value of European Assets Trust was Fl 8.21 at June 30, against Fl 7.26 a year earlier. In sterling terms the increase was slightly lower, at 11 per cent, from 223p to 247.9p, reflecting the strength of the pound to the guilder over the period.

Net income and earnings per share in the six months to June 30 were static at Fl 2.87m and Fl 0.11 respectively. The interim dividend is doubled to Fl 0.08 in order to reduce disparity with the final.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

	Provisional Price for Trading on [illegible]	Final Prices for Trading on [illegible]	
1/2 hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.18	16.95	16.95
0100	15.67	16.95	16.95
0130	15.51	15.95	15.95
0200	15.62	15.95	[illegible]
0230	15.52	15.95	[illegible]
0300	15.51	15.95	[illegible]
0330	15.51	15.95	[illegible]
0400	15.51	15.95	[illegible]
0430	15.51	15.95	15.95
0500	15.51	15.95	[illegible]
0530	15.49	15.95	15.95
0600	15.51	15.95	15.95
0630	15.68	15.95	[illegible]
0700	17.21	17.97	[illegible]
0730	17.21	18.38	20.24
0800	16.67	20.92	[illegible]
0830	18.17	21.06	22.97
0900	18.87	21.13	23.04
0930	21.45	21.20	23.12
1000	21.45	21.24	23.17
1030	21.45	21.38	[illegible]
1100	21.45	21.27	23.21
1130	21.45	21.37	23.34
1200	24.40	21.44	23.43
1230	24.40	21.39	23.34
1300	21.45	21.24	23.15
1330	18.67	21.09	[illegible]
1400	18.27	21.05	22.96
1430	18.27	21.03	22.93
1500	18.27	21.03	22.92
1530	18.27	21.02	22.96
1600	19.98	20.95	[illegible]
1630	21.32	20.95	[illegible]
1700	19.96	20.95	[illegible]
1730	18.11	20.95	[illegible]
1800	18.11	20.95	22.85
1830	17.97	20.94	22.87
1900	17.93	[illegible]	[illegible]
1930	17.93	18.54	20.41
2000	18.70	18.54	20.41
2030	18.70	18.11	[illegible]
2100	17.08	17.97	[illegible]
2130	17.08	17.97	[illegible]
2200	21.00	17.97	[illegible]
2230	21.00	20.12	[illegible]
2300	21.00	20.12	[illegible]
2330	21.00	19.50	[illegible]
2400	17.08	17.94	[illegible]

Prices are determined for every half-hour of each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg [illegible] becomes 1.686p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

The Belfast challenge

By Vanessa Houlder

As the property recession tightens it grip on the UK, urban renewal schemes have usually proved the most vulnerable of victims. Belfast, however, may prove a surprising exception.

The city is pressing ahead with its most ambitious scheme yet: a £100m development on a 14.5 acre site on the bank of the River Lagan. Instead of the waste ground and market place that now separates the heart of the city from the waterfront, there will be a small boat marina, a hotel, speciality shopping, a youth hostel and offices. In addition, the city proposes to build a conference centre and concert hall.

The developers are an international consortium comprising Ewart, a property developer, O'Hare & McGovern, a construction company and Enterprise International Development Company. Enterprise is a US planning consultancy that was started by Mr James Rouse, founder of the Rouse Corporation which has been involved in urban renewal projects in Baltimore.

The project is a partnership between the public and private sector. It is part of a proposal to redevelop 120 acres of land along one and a half miles of the River Lagan. The land is owned by the Belfast City Council, Belfast Harbour Commissioners and the Department of the Environment for Northern Ireland but it comes under control of the Laganside Corporation, a development corporation set up in May 1989.

The catalyst for the redevelopment is a series of infrastructure projects: a new weir which will regulate water flow and improve the appearance of the river, some riverside walkways and a new road and rail bridge. The public sector will pay for the land and the infrastructure and it will also subsidise the hotel in the scheme. Overall, public subsidy will account for up to 5 per cent of the development costs.

There are eight sites to be developed, of which Laganbank is generally reckoned to be the best. Even so, marketing any development site in the midst of a worldwide recession is an ambitious, frustrating undertaking.

Perhaps the task was simplified by the relative buoyancy of the Belfast property market. Between 1980 and 1989, the annualised return from property in Northern Ireland averaged 17.3 per cent compared with a UK average of 13.9 per cent per year and it maintained its resilience last year.

"At a time when the property market is depressed, it is astonishing how Belfast has bucked the trend. The recession has hardly touched Northern Ireland in terms of output or employment levels," says Mr Richard Needham, the province's economy minister.

The reason for the strong performance is the relatively low house prices and high disposable incomes of those who have jobs in Belfast (unemployment is stubbornly high at about 14 per cent). The public sector dominates employment but the city hopes it can build on the 1,200 back office jobs it attracted last year.

To some extent, a shortage of investment has been assuaged over the past few years as there has been a significant amount of new office and retail development. For that reason, a question market hangs over the viability of a scheme that includes 400,000 sq ft of new offices and 75,000 sq ft of retail space.

The project is expected to take five or six years to complete, starting from 1992. The developers are confident they can get funding in place in the course of the next nine months. If they do, at a time of a worldwide shortage of capital for property projects, they will indeed have bucked the trend.

Belfast City Hall: council is part owner of sites being developed along the River Lagan

RENTAL GROWTH (%)

	Retail	Office	Industrial	All Properties
Year to June '91	1.5	-3.2	2.9	0.0
Quarter to June '91	-0.3	-2.6	-0.1	-1.2
Month of June '91	0.1	-0.7	0.2	-0.2

Source: Investment Property Databank

Exposed, but dogged, at Control Securities

Mr Nazmu Virani was putting on a brave face this week. Despite the buffetings of the property market and the damage inflicted by the collapse of BCCI, his pride in Control Securities, the quoted property and leisure group he heads, seemed undiminished.

"We are very pleased," he beamed as he brandished the results, which showed a pre-tax loss of £3.3m. Indeed, the gruesome £18m exceptional charges and 14 per cent fall in net asset value was arguably moderate compared with the dismal expectations of the City. The share price made up nearly all the ground it lost when BCCI's collapse triggered a 33 per cent fall in Control's share price to 13.5p.

Control was less caught up in the BCCI debacle than investors initially feared, given that Control and hundreds of its shareholders have accounts with BCCI, which in turn owns 5.5 per cent of Control and rents two of its buildings.

The provision for Control's BCCI exposure amounted to £3.9m, some of which may be offset by a £2.5m overdraft with the bank. And contrary to the speculation that has emerged in the Asian Community in the past few weeks, Mr Virani says that rather than having deposits at the bank, his family actually had a £5m loan, secured against property.

The overhang of the 5.5 per cent stake in Control owned by BCCI remains a problems, although Mr Virani attempts to shrug it off. "It is only worth £4m. You are not talking of a great deal of money. My family will be happy to buy a few of the shares."

Mr Virani defends his use of the bank, with which, he says "he went back a long way". At a time when the reputations of some of the best-known banks were tarnished, it was not clear that BCCI was less trustworthy. "They were a small outfit, their processes were quicker", he adds.

Nonetheless, he believed in the maxim about "not putting all your eggs in the basket", which he thinks was a guiding factor for other large Asian property owners. The really vulnerable people were "the small traders, the shopkeepers," who were struggling, in any case, to make ends meet.

"It couldn't have happened at a worse time," he says. But he thinks they will be able to pick themselves up, even though it may have set them back five years. "You are looking at good fighters there."

The penny share status of Control, which at its highest point in 1987 reached 107p leaves a question mark over the ending of what has been one of the media's favourite rags to riches story. After expulsion from Amin's Uganda, Mr Virani worked his way up from a supermarket in "Hardship Lane", eventually turning Control, a near-bankrupt Welsh property group into a group with 100 properties, 24 hotels, 800 pubs and a brewery.

Sceptics wonder if Control is treading the same boom and bust cycle as some other companies that grew phenomenally in the 1980s. They point out that Control's gearing is near 100 per cent if account is taken of the deferred payments due over the next three years.

This week's results may have calmed some of the fears. Even though last year's trading profits are unlikely to be repeated, the rents and leisure profits covered all the interest costs.

"The important thing is not profit. The important thing is cash flow," Mr Virani says with enthusiasm, banging the table and jabbing the air with his finger. "I come from a simple hard-working family. We don't come from Oxford and Cambridge, we don't have initials after our names, but we know that after every quarter there is an interest cheque to be written."

Vanessa Houlder

BUSINESS FOR SALE

BUSINESS FOR SALE ALSO APPEARS ON PAGE 4

INTERNATIONAL PROPERTY

LEGAL NOTICE

No. 005213 OF 1991
IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION
IN THE MATTER OF CARLISLE GROUP PLC
- AND -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High court of Justice (Chancery Division) dated 8th July 1991 confirming the reduction of the Share Premium Account of the above named Company from £5,169,348 to £398,848 as required by the above mentioned Act was registered by the Registrar of Companies on 15th July 1991

Dated this 2nd day of August 1991.

WALSH LAWSON FIREMAN
of Dorland House
14/16 Regent Street
LONDON
SW1Y 4PH
TEL: 071 930 7368
Ref: NMB/DP
Solicitors to Carlisle Group Plc

DAMISCROFT LIMITED
Registered No 2487455
Registered in England

Nature of business: Property Development
Trade Classification: 23
Date of appointment of joint administrative receivers:- 23 July 1991
Name of person appointing the joint administrative receivers: Hyperion Properties Plc
CJ Hughes & CJ Barlow
Joint Administrative Receivers
(Office holder nos 2041 and 552) of Cork Gully, Shelly House, 3 Noble Street, London EC2V 7DQ.

CLUBS

El Teniente miners spurn agreement and go on strike

By Pablo Bachelet in Santiago

ABOUT 9,000 workers at Chile's El Teniente copper mine, the world's second-biggest, went on strike early yesterday morning after angry miners forced union leaders to backtrack on an agreement with management to postpone the stoppage by 48 hours, said Mr Pedro Courard, general manager of the mine.

The mine is operated by the state-owned Chile Copper Corporation (Codelco). The mine, Codelco's second largest with annual production of 300,000 tonnes of copper cathodes, employs about 9,000 miners, and includes a smelting and refining complex.

In a confused incident late on Wednesday night about 200 miners surrounded the site of the negotiations, the Leonardo da Vinci University building in Rancagua, the provincial capital near the mine, and refused to listen to union leaders who sought to explain the reasons for the postponement.

"There was physical aggression against some leaders," provoked by what he called "gangsters", Mr Courard told a local radio station.

Amid cries of "strike, strike, strike" by the crowd, the leadership returned to the negotiating table and sought to cancel the postponement decision. Management refused and Mr Courard described the strike as "completely illegal". "We are studying all the legal actions at out disposal," he added.

However, union leaders and management resumed talks later in the day, while the mine remained totally paralysed, to search for a last minute deal.

The union's about-turn was the culmination of an all-day negotiating session on Wednesday in which the company made two counter-proposals to the unions.

Miners are negotiating in two groups, with Unions No.1 to No.7 operating as one bloc and Union No.8, the largest with 3,000 members, bargaining separately. Late on Wednesday night Union No.8, which groups mine and concentrator employees, opted to reject the latest company offer and decided to strike, while the others decided to postpone the stoppage.

Ms Olma Marchant, company spokeswomen at the mine, admitted that with Union No.8 striking, production would be seriously affected even if the others continued working.

The crowd outside the university building is believed to have been mostly made up of Union No.8 members, who marched around Rancagua after the decision was taken to reject the company's proposal. Local TV broadcasts described the Union No.8 assembly that had taken the strike decision as "tense" with miners "worked up".

In spite of Union No.8's determination to go ahead with the strike – the second this year at Codelco, after Chuquicamata, the corporation's biggest mine, was paralysed for two weeks last month – Mr Courard said: "We were very close to reaching agreement [with Unions No1 to No7] and the leaders themselves had asked for the postponement to give them time to explain to the rank and file the new contract and submit it to a vote on Friday."

Meanwhile 1,100 workers went on strike at El Indio, Chile's largest gold mine, which has an annual production of 220,000 troy ounces, plus 27,000 tonnes of copper. Workers at El Indio, owned by Toronto-based Lac Resources, were demanding a 35 per cent real increase in wages, while the company was offering only a 12 per cent rise.

Mr Maximo Diaz, human resources manager at the mine, said that the company could not satisfy union demands. "Last year our after-tax profits were $11m," he said, "and the bill to satisfy miners' demands would be $16m".

He said the company had enough stocks to stand a work stoppage for "two months if necessary".

Low metals prices result in 'relatively modest' mining cuts

By Kenneth Gooding, Mining Correspondent

MINING AND metals companies so far have announced relatively modest cuts in production capacity even though metals prices have fallen sharply during the recession which is affecting a large part of the industrialised world.

Closures completed or planned between 1990 and 1992 by the copper industry, for example, account for about 233,000 tonnes of annual capacity, according to an analysis by the mining team at Ord Minnett, part of the Westpac banking group, and the Metals & Minerals Research Services consultancy organisation.

This represents about 2.74 per cent of last year's copper output in countries outside the former Communist bloc. Copper prices have stayed high despite the widely held view that there will be a supply surplus this year. The London Metal Exchange spot price for copper fell by only 8.7 per cent, from US$1.174 a lb to $1.072, in the first seven months of 1991.

Of the metals traded on the LME, lead showed the biggest price fall in the period, by 31.3 per cent, from 38.3 cents a lb to 26.3 cents.

The Ord Minnett-MMRS analysis shows that production cuts planned or implemented by lead companies total 108,000 tonnes of annual capacity or 2.46 per cent of last year's output of refined lead.

Zinc suffered a price drop almost as substantial as that of lead – by 27.8 per cent from 72.4 cents a lb to 52.3 cents. Cuts planned by the industry are also relatively substantial: 361,000 tonnes of capacity or 6.9 per cent of last year's output of refined zinc.

However, this includes worn out capacity being closed to make way for Cominco's Red Dog mine in Alaska, the world's biggest lead-zinc mine, which came into production last year.

Ord Minnett and MMRS point out that some of the other cuts and closures planned by metals industry are not necessarily related to the recessionary conditions.

Aluminium prices were already relatively depressed at the start of 1991 but in the first seven months fell by another 8.9 per cent from 69.6 cents a lb to 63.4 cents. Planned cuts in primary aluminium smelter capacity total 250,000 tonnes or 1.7 per cent of last year's output.

Ord Minnett and MMRS say it is virtually impossible to track cuts in tin production. But so far this year at the smelting end of the business, the UK has closed its only tin smelter (Capper Pass in Hull); Brazil has shut its year-old Estanbras smelter in Minas Gerais; the Kimetal smelter in Singapore has closed and Korea Zinc has stopped producing tin at its Ulsan smelting complex.

The tin price fell by about 11.5 per cent in the first seven months of 1991, from $2.88 a lb to $2.55 at which level most of the world's tin mining and smelting operations are loss-makers.

US peanut importers fail to fill raised quota

By Nancy Dunne in Washington

PRESIDENT Bush's decision to raise the US peanut quota to 100m lb from 1.7m lb resulted in an increase in imports of only about 17.2m lb, according to US peanut brokers.

Only Argentina had new crop peanuts available for export, and it was almost impossible to import even 100,000 lb in the 26 days given by the presidential proclamation on the expanded quota.

Mr Claudio Arce, a small New Jersey importer, barely beat the July 31 deadline. "I don't have any more fingernails," he said yesterday. "I ate every one of them."

Mr Arce, who for years has successfully imported peanut butter from Argentina, had waited for months, along with other importers and peanut butter users, for a presidential decision to expand the quota. Finally, in March the International Trade Commission advised President Bush to allow a 300m lb increase.

However, the free trade advocates of the US Trade Representative's Office were busy at the time trying to get Congressional renewal of the president fast-track trade negotiating authority. Reportedly, they gathered some of their support from Southern legislators by agreeing to oppose the expanded quota.

President Bush finally acted on July 5, but only sanctioned a 100m lb quota. To ensure there was no slippage in the 26-day limit on imports, congressmen urged the president, in a letter, "to maintain this date for entry and not to grant any deadline extension or waiver".

The Customs Service entered the picture, requiring that the peanut imports have a USDA inspection certificate or that the importer deposit a bond worth triple the value of the shipment.

Brokers located some Chinese-produced peanuts in Canada and brought them across the border early in the month to bonded warehouses where they could be inspected.

Argentine shipments take 28 days. Mr Arce had to deposit a $3.2m bond at a cost of $60,000 in bank fees. His shipment managed to arrive on July 30. However, the customs service, which he said usually inspects 2% of a cargo, insisted on taking samples from each container – 160 lb, worth about $4,500 – which had to be thrown away after testing.

"I don't think we'll make any money on this shipment," Mr Arcey said. "But we moved 2m lb in four days and demonstrated that we can supply the US – just as we have been supplying Europe for years."

Soviets likely to need more credits after poor harvest

By John Lloyd in Moscow

THE SOVIET harvest now being gathered looks like being the worst for many years. This, coupled with the country's chronic shortage of hard currency for importing grain, is likely to force the USSR to press the West for further credits for grain imports to avoid real hunger this winter.

Figures from the ministry of agriculture and local sources show that by the end of July 68m tonnes of grain had been threshed – 6m tonnes less than last year.

Throughout the country drought has reduced the produce per acre to 22.6 centners – about 10 per cent less than last year.

Sales of grain to the state are also lower than last year, because of widespread hoarding by producers. The ministry of agriculture reported that 80 per cent of the crop was being kept by producers, resulting in a sale to the state by the end of July of only 15.3m tonnes.

Collective and state farms hoard grain in order to barter it later as prices go up for machinery and other goods. Mr Fyodor Senko, the Soviet deputy prime minister, has warned that this practice "would make it very difficult to find the amounts needed".

A report yesterday in the hardline newspaper Sovestkaya Rossiya said that machinery was "totally unprepared" for the harvesting campaign. For instance, in the usually highly productive area of Voronezh, 2,000 combines are standing idle for lack of spare parts, and only 2,500 batteries have been delivered where 15,000 are needed.

The hardest hit republic in the Soviet Union is Kazakhstan, plagued by drought and now threshing only about 10 centners (1 tonne) a hectare.

Mr Nursultan Nazarbayev, the Kazakh president, has appointed a 17-member special commission charged with extraordinary powers.

It includes in its membership the heads of the republican KGB and the interior ministry, and can conscript every available man, woman and child to bring in as much of the harvest as possible.

The commission has the right to fix the amounts of grain given to the government by state and private farms, and to requisition trucks and even private cars to transport it to warehouses. Soldiers, school and college students and factory workers will be pressed into service in the fields in an effort to avoid critical shortages.

In a meeting with republican leaders at Novo Ogarevo last week, Mr Mikhail Gorbachev, the Soviet president, announced that they had agreed emergency measures for ensuring adequate food supplies – "we must find and we will find the necessary ways", he said.

The Soviet Union has just been granted $1.5bn (£890m) worth of credits to buy grains and feedstock from the US.

This is on top of a $1bn credit line last December, plus other credits from Canada, Australia and western European states.

EC Commission fails to quell fears of collapse in beef prices

By David Gardner in Brussels

FEARS OF a full-blown EC beef crisis have sharpened after the European Commission yesterday felt compelled to issue a gloomy statement on the beef market, and prices continued to tumble.

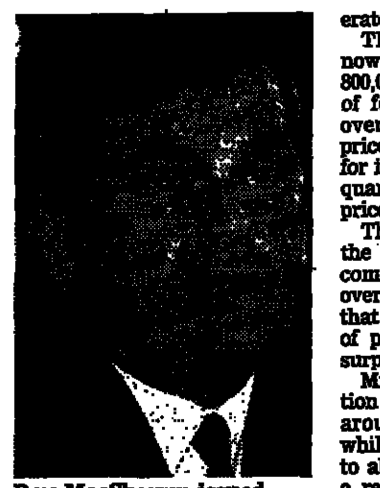
The statement concluded: "The Commission will continue to monitor the market and within its budgetary capability to do all it can to prevent its further deterioration".

At its last meeting before the summer break, Mr Ray MacSharry, EC agriculture commissioner, was asked by Mr Jacques Delors, Commission president, to give a report on the beef situation.

The request followed warnings from farmers across the Community – particularly in Ireland and France – of an imminent collapse in cattle prices.

In Germany prices have already fallen below the "safety net" level at which the EC is obliged to buy all output into intervention. This is in spite of the fact that the safety net was this year reduced to 72 per cent of the official intervention price – currently about $3,320 a tonne – and the price levels at which "normal" or tendered intervention buying is triggered were also lowered.

In France prices are also falling and in Ireland, Brussels officials believe that the beef processing industry is deliberately trying to force prices down to trigger the safety net – which the industry finds provides predictable and guaranteed income.



Ray MacSharry: issued gloomy market statement

Mr MacSharry has moved to limit the amount processors take from the intervention price system, and the Commission has taken a tough line recently in rejecting Irish tenders which come in on a quasi-cartel price basis.

Recent figures show that eight out of 10 cattle slaughtered in Ireland go straight into intervention. As a result Ireland is having to store beef – as well as butter – in refrigerated ships offshore.

The EC beef mountain is now back to its 1987 peak of 800,000 tonnes. This is in spite of forecast record exports of over 1m tonnes at dumping prices. A recent sale to Brazil, for instance, was at less than a quarter of the EC intervention price.

The size of the stockpile and the margin of dumping have combined to create such an overhang on the beef market that there is virtually no hope of prices recovering until the surplus is removed.

Mr MacSharry said production now exceeds 1987 levels at around 8.5m tonnes a year, while consumption has fallen to about 7m tonnes, largely as a result of the bovine spongiform encephalopathy scare.

Eastern Germany's incorporation into the EC last year led to the slaughter of 20 per cent of its dairy herd to meet the milk quota system. Calf imports from eastern Europe have tripled from 1988, and the Gulf crisis lost the EC exports worth about 300,000 tonnes.

EC spending on beef is expected almost to double this year against last, to about $5bn, and Brussels has restricted imports from eastern Europe and persuaded Germany to dispose of its still huge surplus from the new eastern Länder in the Soviet Union and Romania, Mr MacSharry said.

Fall forecast in world wheat output

By Richard Mooney

THE INTERNATIONAL Wheat Council has further reduced its forecast of world wheat production in 1991-92. It now puts total output at 555m tonnes, compared with the 560m tonnes it was forecasting a month ago and last year's record of 595m tonnes.

In its latest Grain Market Report the council says the biggest cuts are for China and the Soviet Union, "where entrenched problems such as limited storage and poor internal transport were compounded by adverse weather". Argentine and Australian wheat harvests are expected to be down on last season; Canadian and the European Community to be higher.

Soviet crop worries have also been the biggest factor in the council cutting its projection for world coarse grains production by 13m tonnes to 1.377bn tonnes. That compares with 1.418bn tonnes in 1990-91. Lack of rain in the US corn belt was also of concern in the coarse grains sector.

Irish anger over cattle drug probe

By Kieran Cooke in Dublin

IRELAND'S department of agriculture has strongly defended its meat exporting industry following the detection by British officials of the illegal growth-promoting drug clenbuterol or "angel dust" in shipments of Irish beef liver.

Irish officials insist that Ireland has the most stringent meat checking procedures in the European Community. They say the "isolated incidents" of angel dust in Irish beef had to be seen in the context of overall beef sales to Britain of more than I£250m (£249m) each year.

The British ministry of agriculture said that, following the detection of angel dust, monitoring of beef imports from Ireland was being stepped up.

Some Irish meat traders accused Britain of trying to harm Irish meat exports. However, a member of the Irish Veterinary Union said that the Irish authorities were still too casual in their approach to the angel dust problem. He said that pedlars of the drug were still travelling around Ireland.

Ireland recently brought in new regulations giving police the power to arrest without warrant people suspected of possessing angel dust. Mr Michael O'Kennedy, minister of agriculture, described farmers using angel dust as "traitors, criminals and lepers".

WORLD COMMODITIES PRICES

MARKET REPORT

COCOA PRICES on the London Futures and Options Exchange were quite buoyant yesterday, by recent standards, with December delivery (the new second position) gaining £12 to £695 a tonne. Traders said the market was active but the main bulk of volume still consisted of crosses involving the new 1993 positions which began trading yesterday. "There just isn't any selling. We've got the speculators going long and trade buying but there's less origin activity [selling] than would be expected at these levels," one trader commented. With talk of poor weather in West Africa and the effects on pod-setting also supporting the market, some traders were hoping that the second position would shortly break through resistance at £700 a tonne and then move up to a range around £740. At the London Metal Exchange the copper market was lifted by the Chilean strike news and the cash position added £9 to Wednesday's £8 rise, taking it to £1,340 a tonne. Copper prices had registered modest losses early on after reports came in that the strike had been postponed. Other LME markets were quiet, although cash nickel managed a $100-a-tonne rise that nearly completed its recovery from the falls registered on Monday and Tuesday.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.45-6.55u	+0.10
Brent Blend (dated)	$19.65-9.75	+.025
Brent Blend (Sep)	$19.75-9.80	+0.10
W.T.I. (1 pm est)	$21.75-1.80u	+0.15
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$245-247	
Gas Oil	$188-189	-2
Heavy Fuel Oil	$69-71	+1
Naphtha	$197-199	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$363.50	+0.50
Silver (per troy oz)♣	405.5c	
Platinum (per troy oz)	$363.00	
Palladium (per troy oz)	$87.50	-0.65
Copper (US Producer)	105.0c	+0.5
Lead (US Producer)	50c	
Tin (Kuala Lumpur market)	15.43r	-0.03
Tin (New York)	264.0c	
Zinc (US Prime Western)	82c	
Cattle (live weight)†	107.52p	-1.51*
Sheep (dead weight)†	122.32p	+1.47*
Pigs (live weight)†	82.96p	-3.14*
London daily sugar (raw)	$287.6y	-30.4
London daily sugar (white)	$335.4y	+2.9
Tate and Lyle export price	£282.0	-19.5
Barley (English feed)	£108z	
Maize (US No. 3 yellow)	£160.5	
Wheat (US Dark Northern)	Unq.	
Rubber (Sep)♥	54.00p	+0.25
Rubber (Oct)♥	54.50p	+0.25
Rubber (KL RSS No 1 Aug)	227.0m	
Coconut oil (Philippines)§	$470y	
Palm Oil (Malaysian)§	$357.5z	-7.5
Copra (Philippines)§	$305z	
Soyabeans (US)	£156z	
Cotton "A" index	74.70c	
Wooltops (64s Super)	362p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct l-Oct/Dec u-Sep x-Jul/Aug y-Aug/Sep z-Aug |-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA – London FOX				£/tonne
	Close	Previous	High/Low	
Sep	654	649	660	647
Dec	695	683	697	685
Mar	732	718	733	720
May	750	737	750	737
Jul	768	754	768	757
Sep	786	773	786	773
Dec	809		810	799
Mar	834		835	820
May	850		850	847
Jul	863		864	860

Turnover: 29394 (4309) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jul 31 828.98 (814.08) 10 day average for Aug 1 796.49 (792.57)

COFFEE – London FOX				£/tonne
	Close	Previous	High/Low	
Sep	539	537	539	535
Nov	562	559	561	558
Jan	582	579	583	579
Mar	596	594	596	593

Turnover: 2095 (6172) lots of 5 tonnes
ICO indicator prices (US cents per pound) for July 31 : Comp. daily 63.00 (63.27). 15 day average 63.91 (64.03)

POTATOES – London FOX				£/tonne
	Close	Previous	High/Low	
Apr	96.7	101.0	101.5	96.5

Turnover 67 (100) lots of 20 tonnes.

SOYAMEAL – London FOX				£/tonne
	Close	Previous	High/Low	
Oct	134.00	130.00	134.00	130.00
Dec	137.50		137.50	135.00
Feb	141.50		141.50	139.50

Turnover 146 (5) lots of 20 tonnes.

FRUIT AND VEGETABLES
SPANIA honeydew melons are 70-95p each depending on size (70-95p), rasberries are 35-50p ¼lb (40-50p), and Spania peaches are 18-25p each (20-35p), reports FFVIB. English plums are new in at 60-90p a lb. Spania Nectarines are 15-25p each (20-35p). Homegrown vegetables remain in good supply and excellent quality. Broad beans are 20-40p a lb (35-40p), courgettes 35-60p a lb (35-60p) and carrots are 15-22p a lb (22-25p). Homegrown celery is in good supply at 50-70p a head (65p-£1.20), spring onions 25-30p a bunch (25-30p) and iceburg at 45-65p each (45-65p).

FREIGHT – London FOX				$10/index point
	Close	Previous	High/Low	
Aug	1465	1478	1470	1460
Sep	1490		1510	1490
Oct	1579	1595	1580	1570
Jan	1588	1599	1586	
BFI	1460	1466	1460	

Turnover 179 (121)

GRAINS – London FOX				£/tonne
Wheat	Close	Previous	High/Low	
Sep	111.10	111.05	110.95	110.90
Nov	114.40	114.30	114.35	114.20
Jan	117.70	117.60	117.80	117.50
Mar	120.85	120.80	120.70	
May	123.85	123.75	123.75	123.65
Barley	Close	Previous	High/Low	
Sep	108.70	108.55	108.65	108.65
Nov	113.45	113.25	113.30	113.20
Jan	116.90	116.65	116.80	116.65
Mar	119.45	119.25	119.25	119.20
May	121.00	120.75	120.70	

Turnover: Wheat 165 (378). Barley 117 (271).
Turnover lots of 100 tonnes.

PIGS – London FOX				(Cash Settlement) p/kg
	Close	Previous	High/Low	
Aug	88.5		89.0	88.5
Sep	97.0		96.0	
Nov	105.0	103.0	102.5	
Jan	103.0		100.0	

Turnover: 38 (1) lots of 3,250 kg

MGMI – London FOX				
	Close	Prev.	High	Low	Vol
Indx	138.35	137.97			
Sep	139.80	139.10	139.80	139.50	50
Oct	139.90	139.40	140.30	139.90	85
Dec	141.00	140.10	141.00	140.30	45

SUGAR – London FOX				($ per tonne)
Raw	Close	Previous	High/Low	
Oct	220.40	218.20	220.00	215.00
Dec	205.80	203.00	198.00	191.00
Mar	198.80	194.20	198.00	184.00
May	200.60	198.20	196.00	195.00
Aug	198.00	200.00	194.00	
Oct	200.00		194.00	
White	Close	Previous	High/Low	
Oct	290.9	287.0	290.0	287.2
Dec	280.9	278.5	279.0	
Mar	279.3	276.8	279.3	274.0
May	279.0	277.0	278.0	276.0
Aug	277.8	277.0	277.8	275.5

Turnover: Raw 633 (781) lots of 50 tonnes.
White 1049 (1152)
Paris- White (FFr per tonne): Oct 1735

CRUDE OIL – IPE				$/barrel
	Latest	Previous	High/Low	
Sep	19.53	19.74	19.86	19.53
Oct	19.61	19.80	19.90	19.61
Nov	19.73	79.83	19.90	19.72
Dec	19.79	19.80	19.90	19.78
Apr	19.60		19.60	19.43
IPE Index	19.71	19.54	19.71	

Turnover 14903 (15489)

GAS OIL – IPE				$/tonne
	Close	Previous	High/Low	
Aug	186.25	186.75	187.00	186.00
Sep	188.50	187.75	189.00	185.50
Oct	189.00	189.25	189.25	187.25
Nov	190.00	190.75	190.75	189.00
Dec	190.75	191.75	191.50	189.75
Jan	187.25	188.25	188.00	187.00
Feb	182.75	183.00	183.00	182.50
Apr	174.00	175.00	174.00	

Turnover 7365 (9606) lots of 100 tonnes

LONDON METAL EXCHANGE				(Prices supplied by Amalgamated Metal Trading)		
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 20,425 lots
Cash	1267-8	1271-2	1271	1271-2		
3 months	1298-9	1303-4	1305/1298	1302-3	1298-7	109,347 lots
Copper, Grade A (£ per tonne)						Total daily turnover 33,430 lots
Cash	1339.5-40.5	1330-2	1340/1325	1325-5.5		
3 months	1354-4.5	1347.5-8	1355/1342	1342-3	1357-8	127,871 lots
Lead (£ per tonne)						Total daily turnover 2,881 lots
Cash	323-5	323-4		322-2.25		
3 months	335-6	335-5.25	336/334	333-4	335-6	15,431 lots
Nickel ($ per tonne)						Total daily turnover 2,381 lots
Cash	8240-50	8140-50		8250-60		
3 months	8220-5	8140-50	8230/8200	8225-30	8195-200	14,219 lots
Tin ($ per tonne)						Total daily turnover 1,553 lots
Cash	5690-700	5650-60	5671/5670	5671-3		
3 months	5775-80	5740-50	5780/5770	5760-70	5770-80	7,553 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 5,745 lots
Cash	1057-9	1054-5	1056	1056-6.5		
3 months	1074-5	1072-3	1076/1073	1073-4	1074-5	28,229 lots

LME Closing £/$ rate:
SPOT: 1.6740 3 months: 1.6545 6 months: 1.6360 9 months: 1.6210

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)		
Gold (fine oz)	$ price	£ equivalent
Close	363.25-363.75	
Opening	364.50-364.90	
Morning fix	364.30	216.138
Afternoon fix	363.40	216.052
Day's high	364.75-365.10	
Day's low	363.10-363.60	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.45	6 months	5.36
2 months	5.40	12 months	5.28
3 months	5.40		

Silver fix	p/fine oz	US cts equiv
Spot	240.45	405.40
3 months	246.95	411.30
6 months	253.25	417.60
12 months	265.65	431.35

GOLD COINS (Prices supplied by Engelhard Metals)		
	$ price	£ equivalent
Krugerrand	365.00-366.00	217.00-217.50
Maple leaf	374.00-375.00	222.35-222.85
New Sovereign	86.00-87.00	51.00-51.50

TRADED OPTIONS				
Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Sep	Dec	Sep	Dec
1200	66	124	2	12
1300	18	58	34	44
1400	1	21	116	104
Copper (Grade A)	Calls		Puts	
2150	120	130	5	50
2250	51	77	38	95
2350	14	42	101	156
Coffee	Sep	Nov	Sep	Nov
500	39	64	1	3
550	7	27	19	16
600		9	62	48
Cocoa	Sep	Dec	Sep	Dec
625	39	91	10	21
650	24	74	20	29
675	14	60	35	40
Brent Crude	Sep	Oct	Sep	Oct
1900			8	22
1950			16	45
2000	19			

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Aug	363.2	363.6	363.7	362.8
Sep	364.8	365.3	0	0
Oct	366.7	367.2	367.0	366.3
Dec	370.3	370.8	370.9	370.0
Feb	373.8	374.3	374.3	373.8
Apr	377.2	377.7	377.6	376.9
Jun	380.7	3381.2	0	0
Aug	384.3	384.8	0	0
Oct	387.9	388.3	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Aug	360.3	363.0	0	0
Oct	364.3	367.0	367.4	364.0
Jan	368.8	371.5	371.5	368.5
Apr	372.8	375.5	376.0	376.0
Jul	376.7	379.4	380.0	380.0
Oct	384.7	387.4	0	0
Oct	387.9	387.5	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Aug	402.9	406.6	0	0
Sep	405.3	407.8	408.0	404.0
Oct	407.6	410.1	0	0
Dec	412.2	414.7	414.5	411.0
Jan	413.7	416.2	0	0
Mar	419.7	422.2	422.6	419.0
May	424.8	427.3	425.5	425.0
Jul	430.0	432.5	431.0	431.0
Sep	435.4	437.9	0	0
Dec	444.0	446.6	445.5	444.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	100.30	101.00	101.40	100.20
Sep	100.80	101.30	102.10	100.50
Oct	100.40	100.80	100.20	100.20
Nov	99.95	100.50	100.15	100.15
Dec	99.50	100.25	100.70	99.20
Jan	99.05	99.80	100.10	99.90
Feb	98.50	99.25	0	0
Mar	98.05	98.80	99.10	98.40
Apr	97.55	98.30	0	0
May	97.10	97.80	97.80	97.40

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Sep	21.62	21.66	21.84	21.58
Oct	21.56	21.64	21.78	21.56
Nov	21.48	21.54	21.66	21.47
Dec	21.33	21.43	21.49	21.33
Jan	21.25	21.30	21.35	21.25
Mar	21.01	21.04	21.06	21.01
Apr	20.85	20.92	20.93	20.81
May	20.77	20.84	20.80	20.77
Jun	20.71	20.76	20.74	20.74

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Sep	6040	6066	6090	6020
Oct	6135	6159	6180	6115
Nov	6226	6256	6275	6220
Dec	6325	6351	6365	6300
Feb	6220	6226	6240	6180
Mar	5950	5966	5975	5950
Apr	5750	5746	5765	5740
May	5600	5581	5600	5580
Jun	5648	5670	5725	5595

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1038	1036	1055	1028
Dec	1089	1091	1106	1084
Mar	1130	1133	1150	1125
May	1154	1162	1170	1165
Jul	1184	1193	1202	1183
Sep	1209	1210	1223	1210
Dec	1242	1253	1263	1240
Mar	1283	1299	1291	1265
May	1309	1325	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	83.00	81.40	83.75	81.05
Dec	86.35	84.80	87.00	84.50
Mar	89.50	87.95	90.00	87.75
May	92.15	90.15	92.55	90.15
Jul	95.60	93.00	94.75	93.00
Sep	96.00	94.90	95.50	95.50
Dec	97.50	97.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.76	9.68	9.77	9.58
Mar	8.85	8.76	8.98	8.78
May	8.80	8.75	8.90	8.76
Jul	8.87	8.75	8.89	8.75
Oct	8.87	8.72	8.89	8.80

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	69.56	66.27	70.26	67.92
Dec	69.08	68.70	69.49	68.00
Mar	70.30	70.00	70.84	69.40
May	70.95	70.65	70.56	70.30
Jul	71.63	71.25	71.50	71.01
Oct	68.78	67.75	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	118.45	118.35	118.50	117.40
Nov	117.50	117.35	117.80	117.00
Jan	116.60	116.55	116.95	116.20
Mar	117.25	117.15	117.50	116.80
Jul	118.10	118.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Aug. 1	July 31	mnth ago	yr ago
1692.5	1724.1	1738.4	1765.8

DOW JONES (Base: Dec. 31 1974 = 100)				
	July 31	July 30	mnth ago	yr ago
Spot	120.84	120.99	129.39	131.80
Futures	123.71	123.70	125.84	132.52

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Aug	614/0	583/0	615/4	591/0
Sep	617/4	590/0	620/0	596/0
Nov	628/0	600/4	630/4	608/0
Jan	636/4	608/2	638/2	619/0
Mar	645/0	616/0	648/0	627/0
May	650/0	626/6	652/0	635/0
Jul	652/0	631/4	654/4	639/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	21.92	21.34	22.32	21.45
Sep	22.17	21.51	22.51	21.83
Oct	22.35	21.62	22.62	21.82
Dec	22.72	22.02	23.02	22.18
Jan	22.84	22.16	23.16	22.40
Mar	23.17	22.45	23.45	23.15
May	23.32	22.60	23.60	23.05
Jul	23.45	22.70	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Aug	190.9	184.0	191.4	184.2
Sep	190.1	180.6	190.5	183.1
Oct	188.5	179.5	188.8	182.5
Dec	189.9	180.6	190.4	183.0
Jan	189.0	180.7	189.9	184.0
Mar	190.1	181.5	190.5	184.5
May	189.5	182.0	190.5	185.0
Jul	189.5	182.7	189.5	185.0
Sep	187.0	0	0	0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	262/4	258/0	266/0	260/2
Dec	268/2	263/2	272/0	266/0
Mar	274/2	270/2	277/2	272/4
May	277/4	271/6	279/0	274/6
Jul	279/0	274/0	280/2	276/0
Sep	260/6	258/0	263/0	260/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	295/4	294/0	300/0	295/0
Dec	308/0	308/2	314/0	308/0
Mar	315/4	314/2	320/0	315/2
May	313/0	311/4	317/0	312/0
Jul	302/4	305/2	309/0	302/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Aug	69.85	70.40	70.80	69.60
Oct	72.75	73.20	73.65	72.70
Dec	74.75	75.00	75.45	74.70
Feb	74.72	74.77	75.12	74.65
Apr	75.30	75.25	75.70	75.30
Jun	73.70	73.50	73.90	73.40

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Aug	53.22	53.42	53.70	53.05
Oct	45.25	45.25	45.60	44.95
Dec	45.27	45.00	45.57	44.90
Feb	45.30	45.05	45.67	45.00
Apr	43.40	43.20	43.95	43.25
Jun	47.80	47.65	48.20	47.45
Jul	48.05	47.70	48.05	47.65

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Aug	43.40	43.25	43.70	42.25
Feb	50.50	51.07	51.70	50.10
Mar	50.20	50.60	51.20	49.80
May	50.60	51.10	52.50	50.55
Jul	52.00	52.30	53.00	51.65
Aug	48.32	49.00	51.00	48.60

LONDON STOCK EXCHANGE

Fund managers play a waiting game

By Terry Byland, UK Stock Market Editor

THERE WAS little change of pace yesterday in a UK stock market still unwilling to challenge its recent all-time high but not under much noticeable selling pressure either. London took its lead from unimpressive performances in Tokyo and New York rather than from the firmness of the other European bourses.

Account Dealing Dates		
*First Dealings:		
Jul 15	Jul 29	Aug 12
Option Declarations:		
Jul 25	Aug 8	Aug 29
Last Dealings:		
Jul 26	Aug 9	Aug 30
Account Day:		
Aug 5	Aug 19	Sep 2

*New-time dealings may take place from 8.30 am two business days earlier.

The bank sector reporting season continued, with the market showing disappointment with an unchanged dividend payout from Barclays, while Midland gave ground as investors braced themselves for bad news today.

Trading volume remained moderate, with a buying programme worth about £30m from the London-based arm of a US investment bank making significant impact in early deals, when the Footsie Index rallied from a dull start.

At best, the market was ahead by a mere 4.6 on the Footsie, with the stock futures market, unusually, following the lead of the underlying stock market. With the institutions still playing a waiting game, equities settled back to close steadily with scattered gains.

The final reading put the FT-SE Index at 2,591.7, a rise of 2.9 on the day. Seaq volume showed little change, with 482m shares trading through the system yesterday compared with 486.6m on the previous day. Customer or retail business has continued to fluctuate this week, Wednesday's total slipping to £855.4m.

But the underlying institutional support for equities was disclosed by another successful placing of stock: Continental, the German tyre manufacturer, sold its 21.15m shares – just over 13 per cent of the equity – in Kwik-Fit Holdings, of the UK, and James Capel, the London-based agency broker, *quickly passed on the stock to* a range of institutions.

With Wall Street also in somewhat non-commital mood in early dealings, showing a fall of 7.15 on the Dow in London hours, the UK market showed no signs of shifting from its mood of lethargy.

At Kleinwort Benson Securities, Mr Trevor Laugharne said that the chances of London pushing significantly above Footsie 2,600 and testing 2,650, seen as the next resistance level, depend significantly on a sustained rally on Wall Street. The New York market has yet to convince London analysts that it can move forward from the Dow 3,000 level it recently recaptured.

Meanwhile, the UK market remains focused on domestic, and sometimes merely internal *stock market factors. Compos*ite insurance stocks improved yesterday, in part because the sector has been left behind as the rest of the market has moved to new peaks. Building and construction stocks, also lagging badly, picked up ground.

Consumer stocks, which have led the market forward on signs that consumer spending may be recovering, held firm but lacked enthusiasm.

Market indices benefited from selective support for a few blue chip stocks. ICI, still favoured in the wake of its latest trading statement, continued to move forward, showing Hanson a healthy profit on its share stake. Among pharmaceuticals, Glaxo, a component of most UK funds, turned higher again as the market *took a fresh look at the stock.*

Traders admitted that, overall, yesterday had been an uneventful trading session. However, few of them expect to see fireworks in August.

Mixed views on Barclays

HALF-YEAR figures from Barclays, the clearing bank, prompted a tumble in the share price on lively turnover as varying views resulted in two-way trading. The shares, which were around a two-year high and strongly outperforming the market, closed 13 down at 465p on a turnover of 5.7m.

A number of analysts said the fall in profits from £602m to £378m was well within the range of forecasts after the debt provisions had been stripped out. They focused their disappointment on the dividend. Mr Michael Lever of securities house Smith New Court said: "The results were fine but what upset the market was that the dividend was not increased." However, he was convinced that provisions had peaked and he raised his end-of-year forecast by £50m to £800m.

Mr Peter Toeman of UBS Phillips & Drew also increased his forecast but said the static dividend was a signal for the outlook of the second quarter.

The gloomiest view came from County NatWest. Analyst Mr John Aitken, who had been at the bottom of the range for the half year, cut his estimate for the full year by £37m to £888m and argued that the real profits, once the provisions had been *stripped out, would* be more like £540m. "I think they were pretty lucky to get away with the dividend, seeing as the figures were so bad," he said. "I think the good results from Lloyds last week were the aberration in the sector and Barclays puts everything back into perspective."

Glaxo at new high

International stocks were among the busiest in the market. Glaxo rose 19 to a new high of 1304½p. A report in the New England Journal of Medicine on clinical testing of the company's migraine drug Imigran encouraged US buyers. Turnover, at 3.3m, was the highest for more than a month.

SmithKline Beecham continued to retreat as analysts adjusted their expectations in the wake of interim results from the company on Wednesday. The shares lost 18 to 777p as turnover climbed to 4.2m.

Wellcome, the best performer of the year among Footsie stocks, ran into profit-taking as UBS Phillips & Drew issued a sell recommendation. Mr Martin Hall of UBS said outperformance had made the whole sector look vulnerable, and Wellcome, on the highest rating of all, should fall to around 650p. Yesterday the *stock slipped 13 to 708p, its* lowest for three weeks.

Sentiment was also hit by a report in the US press on new approaches to developing a treatment for Aids. Wellcome sells the only widely approved Aids treatment.

Kwif-Fit deal

Kwik-Fit lost ground after broker James Capel placed German tyre and exhaust group Continental's 13 per cent stake in the company early in the session. The 21.15m shares, bought in September 1989, were placed at 125p and quickly taken up by institutions.

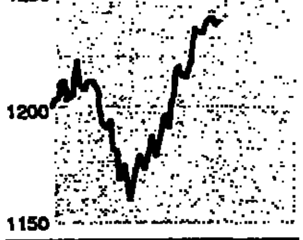
The market at first appeared to appreciate the deal and the shares added 1 at 132p. However, the gain served only to bring out sellers and the shares retreated to close 3 down at 128p. Recorded turnover reached 51m by the close.

US brokers led the way in recommending Reuters in the wake of upbeat presentations in New York last week. Morgan Stanley turned positive, while Shearson Lehman Brothers said the shares would rise "to fully discount a cyclical rebound" and that new products in automated transactions would raise earnings potential.

In the UK, Panmure Gordon is also recommending a buy. *The agency broker highlighted* Reuters' strong balance sheet. The shares rose 24 to 799p.

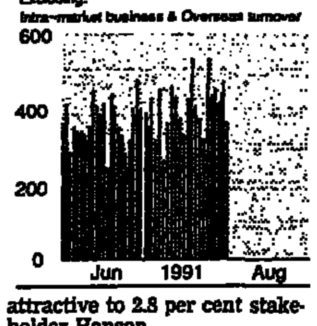
Both S.G. Warburg and County NatWest recommended ICI shares. County said that by the end of 1993 ICI could be reporting profits of £1.45bn. It added that the share price was supported by fundamentals and the company remained attractive to 2.8 per cent stakeholder Hanson.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



Utility issues continued to retreat as it was the turn of the gas industry regulator to frighten traders and investors. Ofgas has told British Gas to cut prices for power station customers by the end of the week. The shares were 4½ down at one point before ending a net 2½ easier at 269p. Turnover was a busy 13m.

Water shares continued to sag under the weight of proposals from Ofwat, the water industry regulator, to hold back growth in dividend payouts. Thames Water slipped 4 to 370p and South West Water shed 3 to 330p. The average fall since the market learnt of the regulator's thoughts is about 5 per cent. Electricity generators and distributors lost a penny or two across the board.

Negative sentiment from Barclays' half-year results drifted across the sector. Midland, which is expected to report a loss today, receded 7 to 207p. It had previously gained on the back of an announcement that it was in talks with Allied Dunbar, a subsidiary of BAT Industries (up 5 at 743p). Lloyds failed to continue its recent rise and was unchanged at 370p.

Composite insurers were firm without seeming to be bolstered by any positive news. Some traders were pointing to a note from institutional broker James Capel. However, the note was "unenthusiastically neutral" on the sector and actually forecast no raised dividends. It seemed more likely that a recent large programme trade which concentrated on the insurers had left stock hanging over the market and this had finally been absorbed.

General Accident gained 14 to 555p. It was up 19 at one stage but drifted back with the market towards the close. Commercial Union added 10 at 526p and Royal Insurance firmed 9 to 405p.

Turnover in Asda swelled to 7.7m as buyers appeared before the shares go ex-dividend on August 12. The net dividend is 2.94p. There were also signs that a large buy and sell order had been matched at 93p and 94p. Asda closed a penny firmer at 94p.

Tesco put on 4 to 280½p on switching out of J. Sainsbury, unchanged at 375p, and Argyll, also steady at 311p.

Kwik Save rose 5 to 604p in spite of a cautionary note from Hoare Govett on the discount retailer sector. Over the past 18 months there have been five new entrants into this retail market, and Kwik Save, as the dominant UK discount retailer, will suffer lower profits as pricing becomes more aggressive.

In a mainly quiet drinks sector, Boddington raised its stake in J.A. Devenish from 16.9 to 19.1 per cent. On June 17 Boddington obtained permission for an extension of its offer for Devenish shares. It had received acceptances for 45.8 per cent of the equity. Yesterday Boddington firmed 5 to 165p while Devenish jumped 27½ to 199½p.

George Wimpey was strong as the market hoped for an announcement that it would shortly complete a deal on one of its central London properties with a Japanese institution. The shares showed an improvement of 6 at 178p.

Other construction and building material shares were also healthier than they have *been recently as investors took* note of the sector's sharp fall over the past four months. The revival yesterday followed declines earlier in the week caused by Barratt Development's warning that it would not pay a final dividend. Barratt was steady at 43p. Costain rose 4 to 142p, Redland 6 to 563p, ECC 6 to 457p, RMC 4 to 664p and Meyer 7 to 470p.

British Telecom came under pressure as it announced a series of price reductions in overseas calls. The move stimulated profit-taking after the recent strong advance. There were also worries that the greater interest in dividend payments shown by utility regulators may be extended to BT. The stock closed 4 lower at 382p after 4.3m shares had changed hands. Cable and Wireless eased 3 to 576p on concern that it may have to follow BT's lead in reducing international call charges.

A bullish boardroom statement on future performance lifted TI 11 to 558p in spite of the disclosure of a 14 per cent fall to £54.2m in profits for the first half of 1991. Mr John Goldschmidt at Charterhouse Tilney said: "These results are good when compared to other manufacturers of durable goods." He predicted full year profits of £115m.

Dowty Group gained 8 to 194½p on turnover of 1.1m as speculation of a bid for the company resurfaced.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 17.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (94).
BRITISH FUNDS (2) Fd. 3½pc 1999-04, Cnv. 9pc 2011 A, INT.BANK & O'SEAS GOVT. STLG. ISSUES (1) African Dev. 11¼pc 2010, AMERICANS (1) Whirlpool, BANKS (3) ABN Amro, Schroders, Do. N/V, BREWERS (2) Allied-Lyons, Fosters, BUILDINGS (2) Meyer Intl., Persimmon, CHEMICALS (2) ICI, Plysu, STORES (6) Hogg Robinson, Kingfisher, Do. 8½pc 2000, Menzies (J), Next, Reject Shops, ELECTRICALS (6) Admiral, Ambassador Security, Bennett & Fountain, Domino Printing, Electrocomponents, Philips, FOODS (4) Assoc. Brit. Foods, Dalepak, Salvesen (C), Sims, INDUSTRIALS (22) Astra B, BH Props., BSS, Caplin, Charter Cons., Courtaulds, De La Rue, Glaxo, Hafslund Nycomed A, Do. B, ISS-Intl. Service Syst. B, IWP Intl., Kalon, Paterson Zochonis, Do. A N/V, Spring Ram, TT, Tomkins, Do. 5.5pc Prf., Do. 6½pc Prf., Wolseley, Worthington (A.J.), INSURANCE (2) Domestic & General, Refuge, LEISURE (1) Border TV, MOTORS (2) ERF, Evans Halshaw, NEWSPAPERS (1) Johnston Press, PAPERS (1) Usher-Walker, TEXTILES (1) Readicut, TRANSPORT (2) Tiphook, Transport Devs., TRUSTS (17) Alliance Tst., Bankers Inv., Five Arrows Chile, Do. Wrrnts., Foreign & Colonial, I & S Optimum Zero Prf., Investors Capital, GT Chile Fund Units, Do. Wrrnts., Genesis Emrg. Mkts., Keystone Inv., Korea-Europe, M & G, Pacific Assets Wrrnts., Personal Assets, St. James Place Capital, TR Technology Stppd. Prf., OILS (3) Burmah 8½pc Ln. 1991-96, Intl. Petroleum, Occidental Petroleum, MINES (3) Aztec Expl., Vogels, Western Mining.
NEW LOWS (37).
CANADIANS (2) Central Capital A, Imperial Oil, BUILDINGS (3) Costain, Ward Grp., Ward Hldgs., STORES (1) Colorvision, ELECTRICALS (4) Arlen, Microvitec, Plasmec, Wharfedale, FOODS (2) Daniels (S), IAWS A, HOTELS (1) Regal, INDUSTRIALS (5) Barrett (H), Dean & Bowes, Forward, Jourdan (T), Lincat, LEISURE (3) TV-am, Thames TV, Yorkshire TV, PROPERTY (8) Arcadian Intl., Greycoat, London Secs., Do. 8pc Prf., Mountleigh 5.25pc Prf., TRUSTS (8) Drayton Cons., First Charlotte Assets, First Spanish Wrrnts., Independent Wrrnts., Murray Ventures, Natl. Home Loans, Do. 7½pc Prf., Sumit, OILS (2) AmBrit Intl., Presidio A, MINES (1) Gold & Base.

FINANCIAL TIMES STOCK INDICES

	Aug 1	July 31	July 30	July 29	July 26	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	85.09	84.98	84.78	84.92	84.86	79.54	85.88 (19/2)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.83	94.04	93.98	94.03	94.04	87.94	94.84 (5/4)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2006.7	2003.9	2011.8	2011.3	2003.5	1811.4	2014.5 (5/4)	1606.3 (16/1)	2014.5 (5/4/91)	49.4 (26/6/40)
Gold Mines	189.2	186.0	181.2	187.3	183.8	200.3	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2591.7	2588.8	2595.6	2595.0	2589.3	2404.5	2595.6 (30/7)	2054.8 (16/1)	2595.6 (30/7/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1174.74	1171.00	1172.16	1170.50	1167.37	-	1192.11 (5/6)	938.62 (16/1)	1192.11 (5/6/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.72	4.72	4.70	4.71	4.74	5.15				
●Earning Yld %(full)	8.11	8.12	8.07	8.09	8.13	11.19				
●P/E Ratio(Net)(☆)	15.23	15.20	15.31	15.28	15.21	10.86				
SEAQ Bargns 4.45pm	26,549	28,625	31,486	32,474	34,698	27,920				
Equity Turnover(£m)†	-	855.37	1137.68	1030.38	931.79	1929.76				
Equity Bargains†	-	29,669	33,137	33,162	35,589	30,722				
Shares Traded (mil)†	-	374.0	477.0	448.2	428.9	684.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 14.55

Ordinary Share Index, Hourly changes — Day's High 2010.6 — Day's Low 2001.4

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2003.8	2005.3	2010.4	2007.4	2006.4	2006.9	2007.0	2005.6	2007.5

FT-SE 100, Hourly changes — Day's High 2593.4 — Day's Low 2583.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2586.2	2588.9	2593.4	2590.2	2590.6	2590.5	2590.8	2589.2	2592.5

FT-SE Eurotrack 200, Hourly changes — Day's High 1175.34 — Day's Low 1173.32

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1174.26	1174.28	1174.18	1175.08	1174.49	1174.60	1174.07

GILT EDGED ACTIVITY

Indices*	Jul 31	July 30
Gilt Edged Bargains	70.6	77.1
5–Day average	76.2	78.8

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	148	500	-23	Cookson	77	108		Lucas	730	135	-3	Seeboard	23	195	-2
ASDA Group	8,700	94	+1	Courtaulds	642	440	-1	MB Caradon	1,500	238	+2	Severn Trent Water	1,800	328	-1
Abbey National	2,900	396		Dalgety	280	401	-2	MEPC	166	473	-3	Shell Transport	1,700	535	
Albert Fisher	330	115	-1	De La Rue	198	444		Manweb	154	248	-3	Siebe	328	485	-3
Allied-Lyons	3,100	590	+2	Dixons	1,803	244	-1	Marks & Spencer	2,200	284½	-½	Slough Ests	111	280	-3
Amstrad	2,000	50		ECC Group	358	457	+6	Maxwell Comms	965	159½	-1	Smith (W.H.) A	88	452	+1
Anglian Water	478	363	-3	Eastern Elect.	308	175	-2	Midland Bank	3,200	207	-7	Smith & Nephew	1,300	135½	-1
Argos	801	324	-1	East Midland Elec	394	188	-2½	Midlands Elect.	1,000	188½	-1½	SmKl Beecham	4,800	777	-18
Argyll Group	583	311		Enterprise Oil	205	524	-4	NFC	1,000	179	+1	SmKl Beecham Uts	639	[illegible]	-50
Arjo Wiggins	1,900	386		Eurotunnel Units	1,200	452	+2	NatWest Bank	5,400	315		Smiths Inds	1,000	286	-2
Ass Brit Foods	1,000	543	+1	FKI	664	85	+1	National Power	3,300	148	-2½	Southern Elect	379	199	-1½
BAA	600	437	+1	[illegible]				[illegible]				[illegible]			
BAT Inds	736	743	+5	[illegible]				[illegible]				[illegible]			
BET	1,100	208½	+½	[illegible]				[illegible]				[illegible]			
[illegible]				[illegible]				[illegible]				[illegible]			

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

THE FT-SE 100 index futures contracts remained at a strong premium to the stock market yesterday, although there appeared to be little enthusiasm for a decisive break out of the recent narrow trading range, writes Jim McCallum.

Initially, shares were marked slightly lower but the market was given a boost after a US investment house was said to have executed a £30m programme trade in the equity market, which was weighted towards buying.

Word of the programme trade lifted the futures market, with the September FT-SE contract climbing 12 points to the high of the day of 2,632.

Prices then remained stuck in a narrow range for the rest of the session and seemed to reflect a more general uncertainty about the next move in equities.

The market may well be consolidating in a new range. The shortage of shares provides support but the reluctance to push any further ahead after the recent strong advance provides an effective ceiling.

The September FT-SE commands around a 35-point premium to the spot index, itself a moderately bullish sign, since fair value stands at 20 points. September closed at 2,625, up 2 points on the day and at a 32-point premium.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅛	99⅛	Exch. 11pc 1991	100	.....	11.00	10.62
99⅝	96⅝	Treas. 8pc 1991	99⅜	.....	8.07	10.31
101½	100⅝	Treas 12¾pc 1992‡‡	100⅝	+⅛	12.63	10.52
99⅛	97⅝	Treas 10pc 1992	99⅛xd	+⅛	10.03	10.46
98⅛	95⅝	Treas. 8pc 1992‡‡	98⅛	.....	8.13	10.30
100⅞	98½	Treas 10½pc Cv 1992‡‡	100⅛	+⅛	10.50	10.37
95⅞	91⅞	Treas. 3pc 1992	95⅞	+⅛	3.14	8.32
102⅞	100⅝	Exch. 12¼pc '92	101⅞xd	.....	12.01	10.24
104⅛	102⅞	Exch 13½pc 1992	103⅞	.....	13.07	10.26
97⅛	94	Treas 8¼pc 1993	97⅛xd	+⅛	8.48	10.16
99⅞	97⅛	Treas 10pc 1993‡‡	99⅝	.....	10.04	10.21
104⅞	102⅝	Treas 12½pc 1993‡‡	103⅞	+⅛	12.03	10.19
93⅞	89⅝	Funding 6pc 1993‡‡	93⅞	+⅛	6.41	9.34
106⅞	105⅝	Treas 13¾pc 1993‡‡	106⅞	+⅛	12.88	10.22
96⅞	92⅞	Treas. 8½pc 1994	96⅝xd	+⅛	8.82	10.15
111½	108⅞	Treas 14½pc 1994‡‡	109⅞xd	+⅛	13.22	10.17
109	105⅞	Exch 13½pc 1994	107¾	+⅛	12.54	10.22
99⅞	96⅞	Treas. 10pc Ln. 1994‡‡	99⅞	+⅛	10.04	10.17
106⅞	103⅝	Exch. 12½pc 1994	105⅞xd	+⅛	11.81	10.24
96⅝	93¼	Treas 9pc 1994‡‡	96⅞	+⅛	9.31	10.20
106⅞	102⅞	Treas 12pc 1995	105⅞	+⅛	11.43	10.23
89	82⅝	Exch 3pc Gas 90-95	86⅝	.....	3.48	7.30
100⅞	96⅞	Exch. 10¼pc 1995	100⅛	+⅛	10.24	10.23
109⅞	105⅝	Treas 12¾pc 1995‡‡	108⅞	+⅛	11.76	10.24
113⅞	109⅞	Treas. 14pc '96	112⅛	+⅛	12.47	10.48
96⅞	92⅞	Treas. 9pc 1992-96‡‡	96⅞	+⅛	9.31	9.91
119⅞	115⅞	Treas 15¼pc 1996‡‡	117⅞	+⅛	12.98	10.46
112⅞	108	Exch 13¼pc 1996‡‡	110⅞	+⅛	11.99	10.40
		Five to Fifteen Years				
100⅛	95⅞	Conversion 10pc 1996	99⅞	+⅛	10.09	10.19
99⅞	97⅞	Do. 10pc 1996 B	99⅞	+⅛	10.11	10.26
113⅞	108⅞	Treas 13¼pc 1997‡‡	111⅞	+⅛	11.88	10.42
102⅞	97¼	Exch 10½pc 1997	101⅞xd	+⅛	10.39	10.25
94⅞	89⅞	Treas 8¾pc 1997‡‡	93⅞	+⅛	9.34	10.17
122⅞	117	Exch 15pc 1997	120	+⅛	12.50	10.52
98⅞	93⅞	Exch. 9¾pc 1998	97⅞	+⅛	9.97	10.21
85⅞	80⅝	Treas 6¾pc 1995-98‡‡	85⅝	+⅛	7.87	9.67
127⅞	121⅞	Treas. 15½pc '98‡‡	125⅞	+⅛	12.38	10.40
109⅞	104⅞	Exch. 12pc 1998	108⅞	+⅛	15.67	10.30
97⅞	92⅞	Treas 9½pc 1999‡‡	97	+⅛	9.79	10.07
111⅞	105⅞	Exch. 12¼pc 1999	109⅞	+⅛	11.15	10.34
102⅝	97½	Treas. 10½pc 1999	101⅛	+⅛	10.35	10.22
101⅛	95⅞	Conversion 10¼pc 1999	100⅛	+⅛	10.24	10.22
94⅞	89⅝	Conversion 9pc 2000‡‡	94⅛xd	+⅛	9.56	10.04
116⅞	110⅞	Treas. 13pc 2000	115	+⅛	11.30	10.38
100⅛	94⅞	Treas 10pc 2001	99⅛xd	+⅛	10.08	10.12
118⅞	113⅞	Treas. 14pc '98-01	116⅝	+⅛	11.99	10.48
98⅝	92⅞	Treas 9¾pc 2002	97⅞xd	+⅛	10.01	10.13
100⅞	94⅞	Treas 10pc 2003	99⅝	+⅛	10.09	10.11

BRITISH FUNDS—Contd

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108¼	102	Treas. 11½pc 2001-04	106⅞	+⅛	10.76	10.35
58¾	53⅞	Funding 3½pc '99-04	58⅞	+⅛	5.96	8.94
97⅞	90⅞	Conversion 9½pc 2004	95⅞	+⅛	9.92	10.08
97⅞	90⅞	Conversion 9½pc 2005	95⅞	+⅛	12.53	10.06
118¼	111	Treas. 12½pc 2003-05	115⅞	+⅛	10.78	10.18
		Over Fifteen Years				
85⅞	79⅞	Treas. 8pc 2002-06‡‡	84⅞	+⅛	9.52	10.06
112½	105⅞	Treas. 11¾pc 2003-07	110⅝	+⅛	10.62	10.14
90⅞	84⅞	Treas 8½pc 2007‡‡	88⅞	+⅛	9.61	9.95
125⅞	118⅞	Treas. 13½pc '04-08	123⅞	+⅛	10.94	10.15
94⅞	88⅞	Treas. 9pc 2008‡‡	92⅞	+⅛	9.74	9.91
94½	89⅞	Do. 9pc 2008 C	92⅞	+⅛	9.71	9.91
85⅞	80	Treas 8pc 2009	84	+⅛	9.52	9.90
94⅞	88⅞	Conv 9pc Ln 2011‡‡	92½	+⅛	9.77	9.90
30⅛	29⅞	Cnv. 9pc 2011 A●	29⅞	+⅛	9.75	9.73
63⅞	58⅞	Treas. 5½pc 2008-12‡‡	61⅞	+⅛	8.89	9.80
82¼	76⅞	Treas. 7¾pc 2012-15‡‡	80⅞	+⅛	9.62	9.89
121⅞	113⅞	Exch. 12pc '13-'17	118⅞	+⅛	10.15	9.94
		Undated				
40⅛	37⅞	Consols 4pc	39⅞xd	+⅛	10.12	-
35⅞	33⅞	War Loan 3½pc‡‡	35⅞	+⅛	9.95	-
59⅞	57¼	Conv. 3½pc '61 Aft	58⅞	.....	5.96	-
29⅞	28¼	Treas. 3pc '66 Aft	29⅞	+⅛	10.21	-
25½	23⅞	Consols 2½pc	25	+⅛	10.00	-
25¼	23⅞	Treas. 2½pc	24⅞	+⅛	10.14	-

Index-Linked

1991 High	Low	Stock	(b)	Price £	+ or –	(1)	(2)
131⅞	125⅞	Tr. 2pc '92‡‡	(97.8)	131⅞	.....	0.25	4.35
118¾	115⅞	Do. 2 '94	(102.9)	118⅞	.....	3.67	4.61
172⅞	168⅞	Do. 2pc '96	(67.9)	171⅞	+⅛	3.86	4.39
142¼	137⅞	Do 2½pc '01	(78.3)	141	.....	4.08	4.39
138⅞	133	Do. 2½pc '03	(78.8)	136⅞	.....	4.15	4.42
140¼	135	Do. 2pc '06	(69.5)	138	-⅛	4.22	4.43
128⅞	124⅞	Do. 2½pc '09	(78.8)	126¾	-⅛	4.24	4.43
132⅞	128⅞	Do. 2½pc '11	(74.6)	130⅞xd	-⅛	4.24	4.42
109¾	105⅞	Do. 2½pc '13	(89.2)	107⅞xd	-⅛	4.24	4.40
117½	113⅞	Do. 2½pc '16	(81.6)	114⅞	-⅛	4.21	4.37
113⅞	109⅞	Do. 2½pc '20	(83.0)	110⅞	-⅛	4.18	4.32
95⅛	91¼	Do. 2½pc '24‡‡	(97.7)	91⅞	-⅛	4.13	4.26

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1990: 130.0 and for June 1991: 134.1.

INT. BANK AND O'SEAS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102⅛	95⅞	African Dv Bk 11¼ Ln 2010	102⅛	+⅛	10.90	10.85
97⅞	91⅞	Asian Dev Bk 10¼pcLn2009	97⅞	+⅛	10.56	10.61
112⅛	105⅞	Int-Am Dev Bk 12½pc 2003	111¼	+⅛	11.24	10.75
92⅞	86⅞	Do. 9¾pcLn 2015	91⅞	+⅛	10.64	10.72
122	101	Utd. Mexican States 16½pc 2008	122	.....	13.52	13.47

CORPORATION LOANS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103½	100½	Birmingham 11½pc 2012	101½	.....	11.33	11.30
97½	93½	GLC 6¾pc 1990-92	97½	.....	6.92	11.05
115½	110½	Leeds 13½pc 2006	114½	.....	11.79	11.40
30	28	Liverpool 3½pc Irred	30	.....	11.67	-
27	26	LCC 3pc '20 Aft	26	.....	11.54	-
103½	97½	Manchester 11½pc 2007	101½	.....	11.33	11.30

COMMONWEALTH & AFRICAN LOANS

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
90	84½	Sth Rhod. 87-92 Asstd	90	.....	-	-

LOANS

Building Societies

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
104½	102	Nat'wide Anglia 3⅞pc Ln 2021	103¼	.....	-	5.52
107	104	Do. 4.25pcIL '24	104⅛	.....	-	5.17

Public Board and Ind.

1991 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
53	52	Met. Wtr. 3pc 'B'	52	.....	5.77	9.70

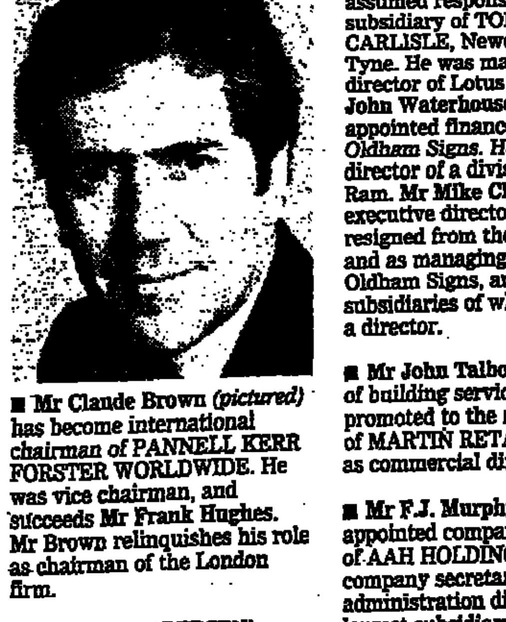
FOREIGN BONDS & RAILS

1991 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
50	50	Greek 7pc Ass.	58	.....	3.50	f7.00
50	50	Do. 6pc 28 Stb. Ass.	58	.....	3	f6.00
50	50	Do 4pc Mixed Ass.	50	.....	2	f4.00
55	55	Hung. '24 Ass.	55	.....	2.75	f3.57
128	120⅞	Hydro Quebec 15pc 2011	126¾	+⅛	12.89	11.52

Continued on next page

APPOINTMENTS

Worldwide accountancy chairman



■ Mr Claude Brown *(pictured)* has become international chairman of PANNELL KERR FORSTER WORLDWIDE. He was vice chairman, and succeeds Mr Frank Hughes. Mr Brown relinquishes his role as chairman of the London firm.

■ ARTHUR ANDERSEN's London office has admitted the following new partners from September 1: Mr Chris Adams, Mr Philip Cooper, Ms *Karen Hamilton-Smith*, Mr Colin Langley, Mr Paresh Mashru, Mr Keith Miers, Mr Raymond Montero, Mr Gary Parekh, Ms Geraldine Parry, Mr David Sproul and Mr David Whitmore. In the regional offices: Ms Rebecca Clarke and Mr Maz Krupski, Nottingham; Mr Nigel Pickard, Birmingham; Mr Jamie Gleave, Manchester; and Mr Andrew Shearer, Leeds.

■ Mr Elliot Hirst, who recently joined Oldham Signs as general manager, has assumed responsibility for that subsidiary of TORDAY & CARLISLE, Newcastle upon Tyne. He was manufacturing director of Lotus Cars. Mr John Waterhouse has been appointed finance director of *Oldham Signs. He was finance* director of a division of Spring Ram. Mr Mike Chapman, an executive director, has resigned from the main board, and as managing director of Oldham Signs, and from other subsidiaries of which he was a director.

■ Mr John Talbot, director of building services, has been promoted to the main board of MARTIN RETAIL GROUP as commercial director.

■ Mr F.J. Murphy has been appointed company secretary of AAH HOLDINGS. He was company secretary and administration director of the largest subsidiary AAH Pharmaceuticals, and succeeds Mr D.R. Hampton who has retired.

■ Mr Robert Garfit has been appointed group managing director of LAMBERT HOWARTH GROUP, Burnley, footwear manufacturer. He was the director responsible for the Marks and Spencer division. Mr James Howarth, in addition to his role as managing director of the Waterfoot division, becomes deputy chairman. Mr Roy Burrows, managing director of UK manufacturing, Marks & Spencer division, has joined the group board.

Dixon's US post

■ DIXONS GROUP has appointed Mr Robert Sirkis as president of its US subsidiary, Silo, from September 26. He joined the company last November as executive vice president. Mr Tony Dignum, who has been acting as president of Silo, will return to the UK in September to his post as group financial director.

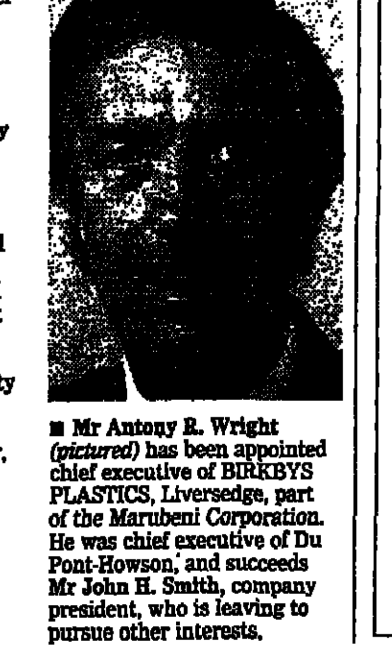
■ HICKSON INTERNATIONAL has appointed Mr Michael Rowley as group finance director. He is a director of Parkland Textile (Holdings), and managing director of its principal subsidiary Parkland Manufacturing. He joins full-time from October 21 and until then will devote at least one day a week to Hickson.

■ ADT, an electronics security services and vehicle auctions company, has appointed Mr Bruce Roe as group treasurer, and as managing director of ADT Finance. He was with Credit Suisse First Boston in London and New York.

■ MINSTER INSURANCE GROUP, part of GAN, has appointed to the board Mr Keith Morris, general manager - underwriting, and Mr John Tarrant, general manager - group services.

■ Mr Andrew I. Ward has been appointed group company secretary of APPLEYARD GROUP, Harrogate.

■ PROVINCIAL GROUP has appointed Professor Tim Congdon as a consultant on its investment committee. He is managing director of Lombard Street Research which specialises in economic analysis for the institutional investor.



■ Mr Antony R. Wright *(pictured)* has been appointed chief executive of BIRKBYS PLASTICS, Liversedge, part *of the Marubeni Corporation*. He was chief executive of Du Pont-Howson, and succeeds Mr John H. Smith, company president, who is leaving to pursue other interests.

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AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20¾	Abbott Laboratories	31⅝	+⅛	$1.00	–	1.8
385p	257p	Allegheny & W 1c	[illegible]		30c	–	6.1
10¼	667p	Amdahl 5c	[illegible]	+37	10c	–	0.7
42¼	25¼	Amer. Cyanamid $5	39½	+½	$1.50	–	2.2
17¾	9⅝	Amer. Express 60c	15¼	–⅛	92c	–	3.6
24½	15¼	American T. & T. $1	23⅛		$1.32	–	3.3
38¾	32½	Ameritech $1	34		$3.40	–	5.6
24	12⅞	BankAmerica $1⅝	29⅜	+⅛	$1.20	–	3.5
34⅞	20¼	Bankers N.Y. $1	34⅜	+⅛	$1.52	–	8.4
30¼	24¼	Bell Atlantic $1	28⅛	–⅛	$2.52	–	5.2
31¼	25	BellSouth Corp	28⅞	+⅛	$2.76	–	5.6
11¼	6⅞	Bethlehem Steel $8	10⅝	+⅛	40c	–	2.2
1839p	1046p	Bowater Inc	1520p	+23	$1.20	–	4.6
9½	4½	Brunswick 75c	9⅛	+⅛	44c	–	2.9
54	37⅛	CPC Intnl. 25c	51⅛	+⅛	$2.00	–	2.3
852p	420p	California Engy.	784p	–1	–	–	–
50	28¼	Campbell Soup 15c	47½	+⅛	$1.16	–	1.5
12⅝	5⅜	Chase Manhattan $12½	11⅝	–⅛	$1.20	–	6.2
9⅞	5½	Chrysler $6¼	8⅛	–⅛	60c	–	4.3
10⅛	5⅛	Citicorp $1	8⅛		$1.00	–	6.9
25	21⅛	Colgate-Palmolive $1	23⅝	+⅛	$1.06	–	2.6
845p	436p	Cont'l Bank Corp $4	800p	+8	$1.00	–	7.3
21¼	13⅛	Dana Corp. $1	19¼	+⅛	$1.60	–	4.8
1106p	203p	Data General	1016p	–7	–	–	–
22¼	12⅝	Dial Crop. $1.5	21⅛	–⅛	$1.40	–	3.9
29⅝	20¼	Dun & Bradstreet $1	26⅞	–⅛	$2.16	–	4.7
40	24¼	Eaton Corpn. 50c	38⅞	–⅛	$2.20	–	–
8½	5½	Echlin Inc	8½	+⅛	70c	–	4.9
19⅞	14⅞	FPL Group 1c	18⅛	+⅛	$2.40	–	7.5
30⅞	17⅞	Fluor Corp 62½pc	27½	+⅛	32c	–	0.7

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

For Scholl see INDUSTRIALS (Miscel.)

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

see EQUITIES under LONDON RECENT ISSUES

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

هكذا من الأصل

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LEISURE

[illegible]

PROPERTY

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRANSPORT—Contd

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie

FINANCE, LAND, ETC

[illegible]

WATER

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
383	331	Anglian £1	363	-3	17.5	2.2	6.4	(7.9)
175	135	East Surrey 13p	170		8.0	2.7	6.3	6.4
178	155	Mid Kent Hldgs £1	172		[illegible]	2.6	6.2	6.6
387	322	North West £1	352	-½	18.0	2.5	6.9	(6.5)
406	327	Northumbrian £1	361	-½	18.6	2.9	6.9	5.5
370	300	Severn Trent £1	328	-1	17.55	3.0	7.1	5.3
397	293	Southern £1	313	-1	17.7	2.5	7.5	(5.9)
392	308	South West £1	353	-3	23.0	2.7	8.3	(5.0)
394	323	Thames £1	378	-4	17.5	2.3	6.3	(6.0)
422	341	Welsh £1	360	-1	19.5	3.3	7.2	4.4
434	325	Wessex £1	366	-1	17.7	2.5	6.4	(7.0)
401	336	Yorkshire £1	375	-1	17.7	2.3	6.3	7.2

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	640	....
Finlay Pkg 5p	20	..
Holt (Jos) 25p	1978	.....
Helton Hldgs	35	.....
IRG	128½	.....
United Drug	165	.....

IRISH

Cap 8½% Ln 2010	£92¼	....
9pc Cap Ln 1996	£97¼	.....
Fin 13% 97/02	£112¼	....
Arnotts	172	....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	46
Amstrad	7
Aztec (BSR)	6
BAT	60
BOC Grp	31
BTR	33
Barclays	38
Blue Circle	24
Boots	30
Bowaters	53
Brit Aerospace	56
British Steel	12
Brit. Telecom	29
Cadburys	33
Charter Cons	45
Comm Union	44
Courtaulds	32
Eurotunnel	50
FKI	6
FNFC	20
Gen Accident	48
GEC	17
Glaxo	89
Grand Met	62
Guardian	19
GKN	31
Hanson	19
Hawker Sidd.	39
ICI	80
Ladbroke	22
Legal & Gen.	36
Lex Service	20
Lloyds Bank	30
Lucas Inds	13
Marks & Spencer	21
Midland Bk	18
Nat West Bk	27
P & O Dfd	51
Racal Elect	18
RHM	28
Rank Org Ord	63
Ratners	17
Reed Intnl	36
Sears	8½
SmKl. Beecham A	58
TI	45
TSB	12
Tesco	21
Thorn EMI	64
Trust Houses	23
T&N	15
Unilever	68
Vickers	19
Wellcome	48

Property

Brit Land	38
Control Secs	3
Land Securities	45
MEPC	48
Mountleigh	8½

Oils

Aviva Petlm	3
Brit Petroleum	28
Burmah Castrol	49
Conroy Petlm	10
Gaelic Res	1
Premier	6
Shell	41
Tuskar Res	2
Ultramar	38

Mines

Lonrho	21
RTZ	48

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AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int.	6	113.3	113.3xd	120.1	+0.2	9.58
High Inc Equity	6	139.3	136.8xd	145.5	-0.1	5.84
Worldwide Bond	6	203.5	203.5	215.7	-2.3	6.95
Capital Growth						
American Growth	6	204.3	204.3	218.2	+1.6	1.00
Asian Pacific	6	132.3	134.9	143.5	-0.6	1.09
Assets & Earnings	6	178.0	181.8	193.3	-0.3	2.99
Capital Reserve Acc	0	105.9	105.9	106.0	.....	7.16
Capital Reserve Inc	0	83.75	83.75	83.79	-	7.16
Comdty & Energy	6	78.72	78.72	84.19	+0.27	1.77
1992 Enterprise	6	63.35	63.35	67.75	-1.18	2.85
Euro Capital Acc	6	88.04	88.04	94.16	+0.21	1.44
Euro Capital Inc	6	84.12	84.12	89.96	+0.20	1.45
General	6	169.9	169.9	181.7	-3.1	2.75
Japan	6	99.24	99.24	106.1	...	-
Mastertrust	6	90.33	90.33	96.60	+0.02	2.12
UK Growth Acc	6	155.8	155.8	166.6	+0.4	2.72
UK Growth Dist	6	100.1	100.1	107.0	+0.3	2.74
US Emerging Cos	6	67.30	67.30	71.97	+0.71	-
Income & Growth	6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MW Investment Managers Ltd (0659)F
46 Court St, Haddington, E Lothian 062 082 5867

MW Joint Investors	0	1051.6	1051.6	1083.01		4.36

Maldon Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Maldon General	0	114.6	114.6xd	117.61		4.94

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings 071-256 5858

Growth Units	5¼	135.2	136.5	145.2	+0.1	3.75
Gilt & Fxd Int	5	145.6	145.6	153.1	+0.3	8.27
Intl Growth	5¼	150.7	150.7	160.3	-0.3	0.46
North American ♥	5¼	98.32	98.32xd	104.6	-0.2	0.54
Far East	5¼	122.5	122.5xd	130.3		0.47
UK Smaller Cos	5¼	99.21	99.21	105.5	-0.2	3.49
European	5¼	53.66	53.66xd	57.19	+0.11	1.00
Japanese Growth	5¼	37.32	37.32	39.97	-0.09	0.00
Managed F Folio	5¼	50.43	50.83	54.05	+0.11	1.35
High Income	5¼	151.4	153.0	162.8	+0.3	6.02
High Yielding Gilt	5¼	60.74	60.74xd	63.99	+0.17	9.80
Cash		51.41	51.41	51.41	+0.01	9.72

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers 071-826 0826 Enquiries 071-826 0123

American Grth	5¼	159.7	159.7xd	170.5	+0.9	0.89
European Grth	5¼	196.4	196.4	209.2	+0.9	0.00
Intl Grth	5¼	147.4	147.4	156.8	+0.3	0.00
UK Equity Inc	5¼	117.7	117.7	126.8	-0.1	6.39
UK Equity Acc	5¼	132.5	132.5	142.8	-0.1	6.39
UK Ind Tracker Inc	5	122.9	122.9xd	131.4	-2.5	3.77
UK Ind Tracker Acc	5	133.6	133.6xd	142.8	-0.3	3.77
US Ex Ind Tracker Inc	5	146.4	146.4	156.9	+0.4	2.86
US Ex Ind Tracker Acc	5	151.1	151.1	162.0	+0.4	2.86
Japan Tracker	5	62.95	62.95	66.76	+0.01	0.00
Asian Tracker	5¼	88.28	88.28	94.21	+0.87	1.42
Managed Inc	5¼	100.3	100.3	107.8	-0.3	1.96
Managed Acc	5¼	101.9	101.9	109.5	-0.3	1.96
Cash Inc	0	100.53	100.53xd	100.53	+0.02	10.77
Cash Acc	0	109.67	109.67xd	109.67	+0.02	10.77
Europe	5¼	103.1	103.1xd	110.2	+0.2	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

Exempt Unit Tst	4	116.66	116.66	124.06		2.60
Exempt Smllr Cos	3¼	221.43	221.43	240.60		1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 - 379 - 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Century Life Plc

2 Eyre Street Hill, London EC1R 5AE 071-278 4488

City Of Edinburgh Life Assurance

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Far East Emerg Econ.	40.2	42.2	+0.1	-
Fund of Inv Tsts	60.3	63.3	+0.1	-
Money	152.3	159.9		-
Special Situations	85.1	89.4	-0.1	-
UK Growth	128.6	135.1	+0.3	-
World Growth	116.5	122.3	+0.1	-
Pension Funds				
Fund of Inv Tsts	135.2	141.9	+0.3	-
Special Situations	125.9	132.2	-0.1	-
UK Growth	214.7	225.5	+0.5	-
World Growth	143.5	150.7	+0.1	-
UK Life Assurance				
Managed	104.7	110.2		-
Property	128.1	134.8	-0.2	-
Equity	134.7	141.8		-
International	89.9	94.6	-0.1	-
Fixed Interest	116.4	122.5		-
Deposit	135.3	142.5	+0.1	-
Langham 'A' Plan	112.3	118.2		-
Langham Prop Bond	617.3	649.7		-
Langham Wsp Managed	170.8	179.7		-
Pension Funds				
Managed Capital	80.4	84.7		-
Managed Accum.	133.4	140.4	+0.5	-
Property Capital	102.9	108.3	-0.2	-
Property Accum.	170.4	179.3	+0.4	-
Equity Capital	106.6	112.2	-0.1	-
Equity Accum	176.8	186.1	+0.7	-
Intl Capital	65.2	68.6		-
Intl Accum.	108.0	113.7	+0.5	-
Fxd Int Capital	93.8	98.8	+0.1	-
Fxd Int Accum	155.4	163.5	+0.6	-
Deposit Capital	121.3	127.7	+0.1	-
Deposit Accum.	201.2	211.8	+1.1	-
Langham Harvest	274.4	294.6		-

Citibank Life

Perrymount Road, Haywards Heath 0444 414111

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

MANAGEMENT SERVICES

هكذا من الأجل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 45p per minute peak and 34p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

U.S. Treasury Securities Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Short Term Shares	$768.89			-
Fixed Income Shares	$594.45			-

Yamaichi Capital Mangmt (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Mktg Growth	$10.36		-0.05	-
Yamaichi ISS Fund	$7.87		-0.01	-
Yamaichi SB Plus Fund	$8.20		-0.01	-
Thai Inv Fund	$9.86			-
Yamaichi OTC Equity Ltd	$9.45		+0.01	-

IRELAND (SIB RECOGNISED)

GAM Fund Management Ltd (u)

29 Kildare Street, Dublin 010 353 1 760 430

MI Global Asset Mangmt Co Ltd "MI Trusts"

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

John Govett – Contd.

Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F

PO Box 63, Bond Street, St. Helier, Jersey 0534 76029

INVESCO MIM International (Jersey) Ltd

PO Box 271, St Helier, Jersey 0534 73114

Lloyds Bank (CI) U/T Mgrs.

PO Box 195, St Helier, Jersey 0534 27561

Dealing daily

Midland Bank Fund Managers (Jersey) Ltd

JERSEY (REGULATED)(**)

Scrimgeour Kemp-Gee Mngmt., Jersey

TSB Trust Funds (CI)

Target Internat. Management (Jersey) Ltd

Tyndall International (Jersey) Ltd

Warburg Asset Management Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Gartmore Indosuez Funds – Contd.

Wardley Investment Services – Contd.

LUXEMBOURG (REGULATED)(**)

Target International Ltd

Templeton Worldwide Investments

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

GT Management Plc

Merrill Lynch Guernsey

Mitsubishi Finance International Ltd

Morgan Stanley Japanese Warrant Fund NV

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Economic factors boost dollar

US ECONOMIC news was generally regarded as favourable yesterday, taking the dollar though DM1.7500 and technical resistance at DM1.7550. It touched a peak of DM1.7620 and closed towards the top of the day's range.

The National Association of Purchasing Managers index rose to 51.8 in July, from 50.9 in June, the sixth consecutive monthly increase. It was also the second straight month that the index had been over 50: a reading above 50 indicates the manufacturing sector is expanding.

The monthly survey also showed that production rose sharply in July, for the second consecutive month, while new orders for manufactured goods were up for the third month in a row, but at a slower rate than in June.

US construction spending in June rose 0.3 per cent, but May spending was revised to a drop of 1.7 per cent from 0.9 per cent. On the other hand this mixed news about the economy was offset by a fall to 404,000 in new applications for unemployment insurance benefits, on a seasonally adjusted basis, during the week ended July 20. This was a decrease of 21,000 from the previous week.

The market is now waiting for today's US employment data for July. A rise to 7.1 from 7.0 per cent in the unemployment rate will not come as any great surprise, but economists generally expect non-farm payrolls to rise by about 50,000 after falling 50,000 in June.

At the London close the dollar had climbed to DM1.7580 from DM1.7450; to Y137.65 from Y137.35; to SFr1.5350 from SFr1.5250; and to FFr5.9725 from FFr5.9350. Its index rose to 66.9 from 66.8.

Sterling weakened in line with most major currencies against the dollar, but otherwise showed small mixed changes. There were no fresh factors and the pound remained the third weakest member of the European exchange rate mechanism.

Sterling fell 1.10 cents to $1.6740. It also declined to Y230.50 from Y231.50 and to FFr9.9975 from FFr10.0000, but was unchanged at SFr2.5700 and rose to DM2.9425 from DM2.9400 against the D-Mark. The pound's index fell 0.1 to 90.8.

The D-Mark stayed the fourth strongest currency in the ERM, waiting for the next meeting of the German Bundesbank council, around the middle of this month, amid speculation about higher interest rates. In Frankfurt the dollar rose to DM1.7465 from DM1.7458 at the fixing, without any intervention by the Bundesbank.

The French franc was above the Danish krone, according to figures from the European Commission, but was only slightly off the bottom of the ERM. At the Paris fixing the Spanish peseta, highest placed ERM currency, rose to FFr5.4360 per 100 pesetas from FFr5.4300.

As expected yields rose at yesterday's tender for Spanish Treasury bills. The yield on one-year paper climbed 0.312 points to 12.348 per cent.

£ IN NEW YORK

Aug.1	Latest	Previous Close
£ Spot	1.6720-1.6730	1.6850-1.6860
1 month	0.73-0.71pm	0.77-0.75pm
3 months	2.04-2.02pm	2.13-2.10pm
12 months	6.35-6.28pm	6.47-6.37pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

* Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Aug 1	% Change From Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.356	-3.95	5.56	68
Italian Lira	1538.24	1532.43	-0.38	1.78	25
Belgian Franc	42.4032	42.2821	-0.29	1.69	20
D-Mark	2.05586	2.05303	-0.14	1.54	17
Dutch Guilder	2.31643	2.31412	-0.10	1.50	11
Irish Punt	0.767417	0.767900	0.06	1.33	3
Sterling	0.696904	0.697656	0.11	1.29	-3
French Franc	6.89509	6.97538	1.16	0.23	-57
Danish Krone	7.84195	7.95139	1.40	0.00	-58

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Aug 1	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6700 - 1.6865	1.6735 - 1.6745	0.73-0.71cpm	5.16	2.07-2.04pm	4.91
Canada	1.9220 - 1.9400	1.9240 - 1.9250	0.41-0.33cpm	2.31	1.13-1.00pm	2.21
Netherlands	3.3100 - 3.3200	3.3100 - 3.3200	[illegible]	1.81	[illegible]	1.58
Belgium	60.30 - 60.65	60.40 - 60.50	12-7cpm	1.89	25-20pm	1.49
Denmark	11.3575 - 11.4045	11.3575 - 11.3675	[illegible]	1.78	[illegible]	1.50

Commercial rates taken towards the end of London trading.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Commercial rates taken towards the end of London trading. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Long term Eurodollars: two years 7⅝-7½ per cent; three years 7¾-7⅝ per cent; four years 8⅛-7⅞ per cent; five years 8⅛-8 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug.1	£	$	DM	Yen	F Fr.	S Fr.	H FL	Lira	C$	B Fr.	ECU
£	1	1.674	2.943	230.5	9.998	2.570	3.315	2198	1.923	60.45	1.433
$	0.597	1	1.758	137.7	5.973	1.535	1.980	1313	1.149	36.11	0.856
DM	0.340	0.569	1	78.32	3.397	0.873	1.126	746.9	0.653	20.54	0.487
YEN	4.338	7.262	12.77	1000.	43.38	11.15	14.38	9536	8.343	262.3	6.217
F Fr.	1.000	1.674	2.944	230.5	10.	2.571	3.316	2198	1.923	60.46	1.433
S Fr.	0.389	0.651	1.145	89.69	3.890	1	1.290	855.3	0.748	23.52	0.558
H FL	0.302	0.505	0.888	69.53	3.016	0.775	1	663.0	0.580	18.24	0.432
Lira	0.455	0.762	1.339	104.9	4.549	1.169	1.508	1000.	0.875	27.50	0.652
C $	0.520	0.871	1.530	119.9	5.199	1.336	1.724	1143	1	31.44	0.745
B Fr.	1.654	2.769	4.868	381.3	16.54	4.251	5.484	3636	3.181	100.	2.371
ECU	0.698	1.168	2.054	160.9	6.977	1.793	2.313	1534	1.342	42.18	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

POUND - DOLLAR

* Contracts traded on APT after trading hours

BASE LENDING RATES

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Short rates ease

THE SHORT end of the London money market was soft yesterday, with overnight money trading below 11 per cent after expectations of a credit shortage in the region of £1,000m turned out to be pessimistic.

Funds were in fairly comfortable supply, encouraging an easing of fixed period rates. Three-month interbank fell to 11$\frac{1}{16}$-11 from 11⅛-11$\frac{1}{16}$ per cent, while 12-month money declined to 10⅞-10¾ from 10$\frac{15}{16}$-10$\frac{13}{16}$ per cent.

Short sterling futures were slightly firmer in very quiet trading on Liffe. With traders no longer expecting a cut in bank base rates by delivery of the near contract on September 18 volume is already building up in the December contract. September gained 2 ticks to 89.23 yesterday, but December rose 3 ticks to 89.69.

The Bank of England initially forecast a day-to-day credit shortage of £550m on the cash market, but revised this to £650m in the afternoon. Total help of £646m was provided.

Before lunch the authorities bought £515m bills outright, by way of £50m Treasury bills in band 1 at 10⅞ per cent and £465m bank bills in band 1 at 10⅞ per cent. In the afternoon another £131m bank bills were purchased in band 1 at 10⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,215m, with a rise in the note circulation absorbing £110m and bank balances below target £35m. These outweighed exchequer transactions adding £810m to liquidity.

In Frankfurt call money was unchanged at 8.95 per cent, hovering just below the Bundesbank's Lombard emergency financing rate of 9 per cent.

Conditions remained tight after the central bank drained a net DM100m on Wednesday at this week's securities repurchase agreement tender. Money lent to the market at the beginning of the week, held by the Bundesbank on behalf of public authorities, has now been repaid.

These factors, plus fear of monetary tightening later this month, encouraged banks to bid for funds.

In Amsterdam the Dutch Central Bank left its special advances rate unchanged at 8.70 per cent when injecting liquidity via a seven-day agreement. It replaces an expiring seven-day facility of Fl 3.52bn.

UK clearing bank base lending rate
11 per cent
from July 12, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.1) 3 months US dollars	
bid 5⅞	offer 6

MONEY RATES

LONDON MONEY RATES

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

JOTTER PAD

CROSSWORD

No.7,610 Set by CINEPHILE

Of the across solutions, 7 goes with 28, 9 with 27, 23 with 12, 13 with 20, and 15 with 18

ACROSS
1 Note on new blue sort of cheese is gibberish (6,5)
7 Qualification beard to hold water? (3)
9 Strong drink to go with pastry (5)
10 Extra time maybe show fare's fare (9)
11 Checks gallery will give job back (9)
12 Reflecting the hall of government (5)
13 Land of noble line (7)
15 Calculating is a problem (4)
18 Don't eat quickly (4)
20 I and others back European? (7)
23 Non-European born to be poor? (5)
24 Number changed with toy, for example (6-3)
26 Band or box for painter (9)
27 Course, not coarse (5)
28 Little boy's hill (3)
29 Individual competitor with only one account (6,5)

DOWN
1 Remove attention from princess's area (8)
2 Learner leaves Egyptian city with bills attached to partner (8)
3 Idle plant? Plenty at the FT! (5)
4 Song about an old herb (7)
5 Hot text forged in Liverpool (7)
6 Call of cat in heaps going back (9)
7 Little cat, partly brindled, turns up in printed fabric (6)
8 Land of bird taking pole from jailer (6)
14 Unappreciated and unfinished is the joint on the liner (9)
16 Constituency area designed for the motor car (4,4)
17 Top of umbrella badly worn by solver's not good enough (8)
19 River continuing in state capital (7)
20 Bird displayed by happy dog? (7)
21 The Sailors' World Digest (6)
22 Bird by Cornish river (on the other side) (6)
25 Discrimination affecting state (5)

Solution to Puzzle No.7,609

VACATION ABOARD · EXCHANGE SOURCE · NEPAL INCIDENTS · COPING MOISTEN · BAYONET POETRY · ORDERLIES ANNUL · MAMMON BANKRUPT · LENGTH HEADLAND

WORLD STOCK MARKETS

AUSTRIA

August 1	Sch	+ or −
Austrian Airlines	2,950	+35
Creditanstalt	615	−3
EA General	3,970xd	....
EVN	842	+7
Jungbunzlauer	9,700	+40
Laenderbank	1,010	+10
OeMV	881	+9
Perlmooser Zement	1,700	+15
Radex Heraklith	775	+10
Reininghaus Brau	1,990	....
Steyr Daimler	375xd	+6
Veitscher Magnesit	564	....
Verbund (Br) A	508	+1
Wienerberger	5,360	−75

BELGIUM/LUXEMBOURG

August 1	Frs.	+ or −
ACEC-Union Min	2,315	....
Arbed	4,295	+80
BBL	2,750	+40
Bank Intl a Lux	11,900	+50
Banq Gen Lux Pts	12,850	....
Barco	1,124	+4
Bekaert	9,190	+10
CBR Ciment	7,880	−60
Cobepa	5,020	−10
Cobepa AFV 1	4,970	....
Cockerill Prlv	176	−1
Colruyt	3,525	+5
Delhaize Frs Lion	7,890	....
Electrabel	4,440	....
Electrabel AFV	4,435	−5
Electrafina ACT	2,935	+45
Fabrique Nat	103	....
GBL	3,480	+30
GBL AFV 1	3,380	....
GIB Group	1,290	−4
GIB Group AFV	1,252	−8
Gechem	680	−2
Gechem AFV	662	....
Generale Banque	5,100	+60

FRANCE (continued)

August 1	Frs.	+ or −
Beghin-Say	580	−2
Beghin Say Cert Inv	465	
Bongrain	2,370	+30
Bouygues	559xd	−6
CGIP	1,043	−7
C M B Packaging	149	−0.50
Canal+	1,062	−13
Cap Gemini S	346	+4.50
Carrefour	1,942	−2
Casino	139.20	+1
Cetelem	760	+16
Chargeurs	757	+2
Club Mediterranee	430	+5
Copifi	323	....
Coparex	566	....
C C F	152.50	+3.60
Cr Fonc France	1,094	+9
Cred Lyon (CI)	500	−1
Credit National	1,095	+9
Damart	1,999	−21
Docks de France	367	−2.90
Dollfus Mieg Cie	318	−11
EBF	710	−20
Eaux Cie Genl	2,353	+23
Ecco	344.50	+0.50
Elf-Aquitaine	355	+3.30
Elf-Aquitaine Certs	213.50	−1.50
Essilor Int	320	−7
Esso	1,680	
Euratrance	1,516	−9
Eurocom	777	−2
Euro Disney	126.20	+0.60
Exor	1,345	−8
Financiel	115	....
Fonc Lyonnaise	675	−5
From C et Aux	2,209xd	+11
GTM-Entrepose	421	−4
Gal. Lafayette	1,510	−10
Gaumont (Soc N)	800	....
Gen Occidentale	763	−6
Geophysique	750	
Hachette	176.20	+3.90
Havas	478.90	+10.90
Imetal	289	+6

GERMANY (continued)

August 1	Dm.
Commerzbank	254
Continental AG	193.50
DLW	559
Daimler-Benz	728
Deckel (Fr)	131
Degussa	340
Deutsche Babcock	162.50
Deutsche Bank	638.20
Didier-Werke	186
Douglas Hldg	702
Dragerwerk	343
Dresdner Bk	360
Fag Kugelfischer	235
Gerresheimer	440
Goldschmidt (TH)	685
Hamburg Elekt	170
Hapag Lloyd	394
Heidelb Zem	1,018
Henkel Prf	575
Herlitz	412
Hochtief	1,273
Hoechst	244
Hoesch	263.50
Holzmann Ph	1,241
Horten	200.50
Industriekredit	241
Industrie Werke	307.50
Kali & Salz	174.90
Karstadt	586xr
Kaufhof	468
KHD	159
Klockner Werke	133.20
Lahmeyer	980
Leffbelt	735
Linde	802.50
Linotype-Hell	548
Lufthansa	135.50
Lufthansa n/v Prf	119.50
MAN	377.80
MAN Prel	297
Mannesmann	273
Mannheim Vers	792
Mercedes Hld	572.50
Metallgesellschaft	490

INDICES

NEW YORK

DOW JONES	July 31	July 30	July 29	July 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3024.82	3016.32	2985.24	2972.50	3035.33 (3/6)	2470.30 (9/1)	3035.33 (3/6/91)	41.22 (2/7/32)
Home Bonds	94.87	94.74	94.78	94.86	95.09 (30/5)	91.30 (16/1)	95.51 (9/2/87)	54.99 (1/10/81)
Transport	1220.56	1216.85	1211.04	1206.10	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	201.77	204.04	204.60	202.97	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3039.58 (3029.07) Low 2999.11 (2983.68)

STANDARD AND POOR'S	July 31	July 30	July 29	July 26	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	387.81	386.69	383.15	380.93	390.45 (17/4)	311.49 (9/1)	390.45 (17/4/91)	4.40 (1/6/32)
Industrials	462.47	461.20	456.32	453.49	463.23 (18/4)	364.90 (9/1)	463.23 (18/4/91)	3.62 (21/6/32)
Financial	30.61	30.33	30.09	30.03	31.58 (18/4)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	212.34	211.64	209.85	208.78	213.21 (17/4)	170.97 (9/1)	213.21 (17/4/91)	4.46 (25/4/42)
Amex Mkt. Value	368.28	367.00	365.19	364.51	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	502.05	498.27	493.34	492.69	511.31 (17/4)	355.75 (14/1)	511.31 (17/4/91)	54.87 (31/10/72)

	July 26	July 19	July 12	year ago (approx.)
Dow Industrial Div. Yield	3.10	3.04	3.08	3.72

	Jul 24	Jul 17	Jul 10	year ago (approx.)
S & P Industrial div. yield	2.77	2.74	2.79	2.94
S & P Indl. P/E ratio	19.02	19.74	18.89	16.95

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Columbia Gas	3,553,200	14	−3
Pepsico	3,287,700	31¼	+¼
Philip Morris	2,129,400	67¼	+⅞
Smart Final	1,907,800	20	—
Telefonos	1,829,500	31⅝	−⅛
RJR Nabisco	1,591,800	11⅜	+⅛
Triton	1,438,600	34½	+2⅛
Fannie Mae	1,428,800	57¾	+2⅛
Tenneco	1,352,800	36⅞	−⅝
Citicorp	1,318,600	14½	−⅛

TRADING ACTIVITY

† Volume (Millions)	July 31	July 30	July 29
New York SE	166.650	169.084	135.240
Amex	11.904	12.810	9.045
NASDAQ	160.323	152.256	121.672
NYSE			
Issues Traded	2,089	2,068	2,055
Rises	957	1,023	820
Falls	614	535	708
Unchanged	518	510	527
New Highs	94	100	60
New Lows	16	13	13

CANADA

TORONTO	July 31	July 30	July 29	July 26	1991 HIGH	1991 LOW
Metals & Minerals	3222.29	3249.29	3209.89	3205.15	3299.99 (18/7)	2632.06 (9/1)
Composite	3539.64	3548.86	3530.27	3524.72	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1876.33	1881.37	1868.96	1867.41	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 1	July 31	July 30	July 29	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1577.7	1572.4	1574.2	1567.5	1577.7 (1/8)	1204.5 (16/1)
All Mining (1/1/80)	703.9	701.4	703.9	700.2	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	470.76	469.61	468.26	468.05	534.81 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1141.67	1139.69	1129.76	1124.21	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	379.10	376.88	375.86	375.21	380.01 (16/7)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	1023.9	1027.0	1020.8	1020.0	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	466.52	464.49	467.14	467.03	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1766.81	1754.73	1756.59	1757.90	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	675.29	676.53	673.92	667.02	717.43 (17/6)	570.48 (15/1)
Commerzbank (1/12/53)	1906.1	1909.5	1897.1	1880.1	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1622.56	1622.31	1614.93	1605.57	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4030.01	4009.58	3991.83	4016.29	4031.29 (26/7)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1421.58	1433.75	1427.19	1420.39	1520.65 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	577.39	573.38	569.91	568.94	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	24072.73	24120.75	23872.63	23443.58	27146.91 (18/3)	22176.17 (8/7)
Tokyo SE (Topix) (4/1/68)	1852.22	1859.12	1846.98	1826.04	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	3091.98	3088.18	3068.72	3062.32	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	600.75	602.32	602.06	607.11	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	283.6	281.8	281.8	280.3	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	202.0	200.8	200.8	199.7	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	773.35	773.80	762.29	759.56	792.13 (4/6)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	1007.74	1017.15	1021.72	999.92	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	401.31	401.57	401.24	402.15	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1323.06	1327.0	1299.0	1353.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4093.06	4085.0	4041.0	4014.0	4093.0 (1/8)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	714.95	717.03	734.48	714.27	734.48 (30/7)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	269.35	269.51	269.73	268.19	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1123.50	1116.60	1110.20	1108.30	1149.8 (11/7)	808.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(c)	761.6	760.6	760.2	767.2 (16/7)	590.4 (14/1)
SBC General (1/4/87)	(c)	632.8	630.9	629.4	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	5141.41	5178.06	5227.83	5185.59	6365.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	711.39	728.70	743.95	(c)	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl.(1/1/70) ($)	506.5*	506.8	505.1	501.0	529.2 (17/4)	439.1 (16/1)

**Saturday July 27: Taiwan Weighted Price: 5140.30 Korea Comp Ex. 693.22.
‡ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks
Thursday 1 August 1991

	Stocks Traded	Closing Prices	Change on day
Stanley Electric	9.7m	1,000	+68
Clarion	7.8m	1,180	0
Nippon Mining	7.2m	559	-1
Showa Shell S	6.9m	1,820	+70
Nippon Carbon	5.9m	971	-23
Osaka Gas	3.3m	528	-7
NKK	3.0m	374	-1
Toyo Tire Rbr	2.8m	863	+40
Mitsubishi Oil	2.5m	1,080	+40
Mitsubishi Heavy	2.5m	726	-2

3:15 pm prices August 1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
16⅞	9¼	AAR Corp x	0.48	0.03	17	322	16⅝	16⅞	16¼	-⅛
18⅜	14½	A L Labs A	0.16	0.01	19	253	17½	17⅜	17⅜	
55¼	40⅞	AMP Inc x	1.44	0.03	20	1161	53	52⅛	53	+1
68⅝	44¼	AMR				122768	63	62⅛	62⅝	-⅜
2⅝	1¼	ARX			1	200	1½	1⅜	1½	
58	41½	ASA	3.50	0.07	14	252	50⅞	50¼	50⅞	+⅝
64	39¼	Abbott Lab	1.00	0.02	22	4267	u54⅞	53½	53¾	-⅜
14½	9⅞	Abitibi Pr	0.50	0.04	25	15	14	14	14	
11⅜	10⅝	ACM Gvt In	1.26	0.11		590	11	10⅞	11	+⅛
9¾	8¼	ACM GvOpp	1.01	0.11		64	9½	9⅜	9½	+⅛
9¾	8¼	ACM Gvt Sp	1.01	0.11		198	9⅛	8⅞	9⅛	+⅛
11	9⅞	ACM Gvt Sc r	1.26	0.12		241	10½	10⅜	10½	
8⅞	7⅞	ACM Man	1.01	0.12		298	u8⅞	8¾	8⅞	+⅛
12⅞	11½	ACM Managd	1.35	0.11		170	12¼	12	12⅛	
7½	4¾	Acme Cleve x	0.40	0.06	18	13	6⅞	6¾	6⅞	
6	3½	Acme Elect			39	56	4⅛	4	4	+⅛
40	22¾	Acuson			23	430	35	34¾	35	+⅛
18½	14¾	Adams Expr	0.48	0.03	0	69	18¼	17⅞	18⅛	+⅛
20⅛	17⅜	Adobe12Pf x	2.40	0.14		100	17⅞	d17⅝	17⅝	-⅛
9¼	6⅛	Adobe Res			20	407	7	6⅞	7	
38⅜	18	Ad Micro				72	34⅜	34¼	34⅜	+⅛
14¼	4⅝	Ad Micro P	3.00	0.26		163012	11½	11¼	11½	+⅜
5⅛	2¾	Advest Grp	0.16	0.04	6	29	4⅛	4	4	-⅛
49⅛	33⅞	Aetna Lf x	2.76	0.07		72241	37⅞	37⅛	37⅝	+⅝
10⅝	6⅝	AIIM A	0.24	0.03	45	952	8⅛	8	8⅛	
20¼	12	Ahmanson x	0.88	0.05		111471	18¼	17¾	18⅛	
12¾	2⅞	Aileen Inc			15	296	12¼	11⅝	11¾	-⅛
74⅛	51⅞	Air Pr Chm	1.56	0.02		141437	67¼	66⅝	67¼	+⅛
30	16⅝	Airbne Frt	0.30	0.01	19	189	29½	29¼	29½	+⅛
18⅞	12½	Airgas Inc			77	266	16⅜	15⅞	16⅜	+⅜
16¼	10	Airlease	2.06	0.17	6	46	12¼	12⅛	12⅛	
[illegible]										

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36¼	24⅝	Briggs & S	1.80	0.04	13	270	36⅛	36	[illegible]	[illegible]
43	36⅝	Brinkerlnt				824	41	40¼	[illegible]	[illegible]
84¼	61¼	Bristol M	2.40	0.03	23	7051	u85¼	83¾	[illegible]	[illegible]
33¼	24½	Brit Airwy	2.10	0.07	12	325	29⅝	29⅜	[illegible]	[illegible]
49⅞	39	Brit Gas	2.50	0.05	12	432	47	46½	[illegible]	[illegible]
77½	63⅞	BP ADR	4.56	0.06	7	918	70¾	70⅛	[illegible]	[illegible]
32⅛	25⅝	BP Prudhoe	3.35	0.11	9	145	31⅛	31	[illegible]	[illegible]
8⅜	3½	BP Wts93				800	5⅛	4⅞	[illegible]	[illegible]
27⅝	19⅞	Brit Steel x	2.14	0.10	12	716	20⅝	20⅛	[illegible]	[illegible]
68	51¼	Brit Tel	3.24	0.05	11	950	66⅛	65¾	[illegible]	[illegible]
12⅝	4⅝	Broad Inc x	0.20	0.02	8	944	10⅜	10⅛	[illegible]	[illegible]
30¼	27½	BrkInPld x				4	28¼	27¾	[illegible]	[illegible]
29⅝	27	Brooklyn U	1.90	0.07	13	134	28⅜	28⅛	[illegible]	[illegible]
84½	76	BrwnFormnB	2.24	0.03	15	22	80	79⅛	[illegible]	[illegible]
28	21⅝	Brown Grp	1.60	0.06	16	72	25⅛	25	[illegible]	[illegible]
12⅝	7⅞	Brown&Shrp	0.32	0.04	1	35	8⅜	8⅜	[illegible]	[illegible]
30¼	20⅝	Browning F	0.68	0.02		192198	28⅞	28½	[illegible]	[illegible]
4⅝	2¼	BRT			0	75	2¾	2⅝	[illegible]	[illegible]
16⅜	8⅝	Brunswick	0.44	0.03	69	698	15½	15⅛	[illegible]	[illegible]
20	14⅛	Brush Well	0.72	0.04	22	65	17⅛	16⅞	[illegible]	[illegible]
27½	23⅝	Buckeye Pt	2.60	0.10	9	37	27¼	26¾	[illegible]	[illegible]
15⅞	13	Bunker Hill	1.87	0.12	0	32	15⅛	15	[illegible]	[illegible]
13¼	10¼	Burger K I	1.66	0.14	12	22	11⅝	11⅝	[illegible]	[illegible]
15⅛	8⅜	Burl Coat			13	45	14⅛	14¼	[illegible]	[illegible]
35¼	26¼	Burl North	1.20	0.04		61382	29¾	29⅜	[illegible]	[illegible]
43¼	32⅞	Burln Resc	0.70	0.02		293826	41⅞	40¾	[illegible]	[illegible]
16	11¼	Burnham Pc	1.36	0.09	45	38	15	14¾	[illegible]	[illegible]
2⅞	¼	Businessln			0	98	1	[illegible]	[illegible]	[illegible]

[illegible]

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
60¼	35¼	Xerox	3.00	0.05		93380	56¼	54⅝	55⅛	-⅝
51	43¼	Xerox4.125				z100	u51	51	50½	+¼
21¼	14¼	Xtra 1.94				49	20⅝	20¼	20⅝	+⅜
24⅞	14¼	Xtra Corp	0.72	0.03	223	3	22¼	22¼	22⅜	
24¼	21¾	Yankee Egy	1.60	0.07	10	39	22⅞	22¾	22¾	-⅛
1½		Zapata			0	67		¼	¼	
9⅞	6⅛	ZenithElec			2	108	6⅝	6½	6½	-⅛
18½	12	Zenith Nat x	1.00	0.06	73	89	17¾	17⅝	17⅝	-⅛
6¼	4½	Zenix Inc x	0.84	0.14		32	6	5⅞	5⅞	
15⅛	10⅞	Zero Corp	0.40	0.03	16	82	14⅛	13¾	14⅛	+½
41⅞	29½	Zum Ind	0.88	0.02	15	177	37⅛	36⅝	37	
13½	10¼	Zweig Fund	1.12	0.09		187	12⅝	12½	12⅝	+¼
10	8½	Zweig Totl	0.96	0.10		747	u10	9¾	10	+¼

Price data supplied by Telekurs.

*Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices August 1

NASDAQ NATIONAL MARKET

3:30 pm prices August 1

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		31	1015	25¾	25¼	25¼	
XL Data		31	2135	u10¾	10	10½	+½
Xoma Corp		12	12273	23½	22½	22⅞	-⅞
Yellow Fr x	0.94	16	717	30⅝	30⅜	30⅜	-¼
York Rsch		5	2416	6	5⅜	5⅞	+⅛
ZionsUtah	1.44	9	52	u46¼	45	45⅞	+⅜

AMERICA

Dow follows bonds lower despite favourable data

Wall Street

A RISE in long-term interest rates left share prices slightly lower yesterday morning, in spite of some mildly encouraging economic news, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 10.73 at 3,014.09. The more broadly-based Standard & Poor's 500 was also lower in midsession, dropping 0.89 to 386.92 by 1 pm, while the Nasdaq composite index of over-the-counter stocks was marginally higher, up 0.52 at 502.56. Turnover on the NYSE was 106m shares by 1 pm.

Although yesterday's economic data should have been a boost to market sentiment, the drop in bond prices which pushed up long-term yields proved a more influential factor. Bonds weakened in the wake of a promising drop in the number of unemployment insurance claims during the third week in July, a rise in the National Association of Purchasing Management's July index, and an modest increase in June construction spending. The data was consistent with the view of a slowly recovering economy, and reduced the likelihood that the Federal Reserve will cut interest rates.

Among individual stocks, American Express jumped $1 to $26¾ on turnover of 1.6m shares after the company announced that Mr Warren Buffet, the financier, is to invest in the travel and financial services group. His company, Berkshire Hathaway, is buying $300m worth of privately-placed preferred securities.

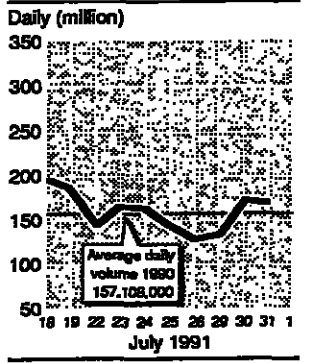
McDonnell Douglas fell $1 to $56½ after the company confirmed that the Pentagon had refused to take delivery of military aircraft from McDonnell's St Louis plant because of possibly inadequate inspections. Logicon rose $1⅞ to $27⅞ after reporting a near doubling in fiscal first quarter profit to 80 cents a share. The figure was above most forecasts.

Biogen climbed $1¾ to $29⅝ on the back of a recommendation from the sector analyst at Merrill Lynch, the leading broking house. The analyst raised his medium-term investment rating on the stock to "above average" because of expected increases in royalties from Biogen's Intron A drug and Hepatitis B vaccine. Schering-Plough, Biogen's marketing partner for Intron A, was unchanged at $53⅝ yesterday.

Valley Capital, which earlier this week announced that it was looking for a buyer, soared $5¼ to $33¾ after BankAmerica agreed to take over the company in a stock swap deal valued at about $400m, or $37 a share.

Petroleum Equipment added $1¼ at $4⅝ on the news that it is to merge with Weatherford International, with each of its shares being swapped for 0.8 of a Weatherford share. Weatherford, listed on the American Stock Exchange, firmed $⅛ to $5⅞.

NYSE volume



Canada

TORONTO stocks held steady at slightly lower levels at midday, with little news to enliven trading. The composite index lost 7.1 to 3,532.5. Declines led advances by 182 to 169 on volume of 9.7m shares.

Among the most active stocks were Petro-Canada which fell C$⅛ to C$11⅛, and Noranda, C$⅛ lower at C$19⅛.

Corona A rose C$⅛ to C$8⅝ while Lac Minerals was steady at C$9⅝.

EUROPE

Continent reacts to flurry of interim results

INTERIM results dictated the Continent's direction yesterday, *writes Our Markets Staff.*

FRANKFURT made initial progress with share prices up about 0.5 per cent, but a 25-minute power failure took the initiative out of the market and the DAX index closed flat at 1,622.56, up 0.25, after a 1.24 decline to 675.29 in the FAZ at midsession. Volume fell from DM4.7bn to DM4.3bn.

In insurance, high-profile stocks like AMB and Allianz fell DM30 to DM920 and DM40 to DM2,120 respectively, which Munich Re put on DM25 to DM2,465. In retailing, Douglas fell DM14.50 to DM702 while Karstadt and Kaufhof both put on DM9, to DM586 and DM468.

In banks, Deutsche Bank rose DM4.40 to DM638.20 as it reported a 23 per cent jump in group operating profits while BHF Bank fell DM5 to DM377 after a rise of only 8 per cent in group partial operating profits.

Mr Reinhard Fischer at Paribas Capital Markets observed while that German banks carefully hone their talent to confuse in these progress reports, but that the Deutsche Bank figures were good. *The market* might continue to appreciate them over the next few days, he added.

However, there seemed to be no question about the results from Schering, which left the shares DM19 lower at DM804. Paribas had recommended to sell Schering or switch into Bayer more than a week ago.

AMSTERDAM was lifted by excellent first-half results from Philips. The CBS Tendency index rose 0.5 to 93.7.

Philips jumped Fl 1.40 or 4.2 per cent to Fl 34.40 in heavy trading after reporting that second quarter profit from normal operations surged to Fl 187m from Fl 37m. Mr Ian Blackford of UBS Phillips and Drew said he was encouraged by the improvement in operating profits and the drop in interest payments.

But DSM's second quarter results fell short of market expectations, prompting some analysts to reduce their full-year forecasts. DSM reported a net profit, excluding extraordinary items, of Fl 134m after Fl 234 a year earlier. DSM finished Fl 2.10 to Fl 109.00 though analysts said its attractive dividend offered some support.

HCS Technology was suspended again and Wednesday's transactions in the stock were annulled by the stock exchange, on the grounds that *investors had not been adequately informed about the company's situation.*

PARIS took heart from a steadier franc, a rising Matif, and strong futures on the first day of the new futures contract. The CAC 40 index closed at 1,766.81, up 12.08 in volume of FFr1.4bn after FFr2.4bn on Wednesday, which had been boosted by the expiry of options.

Analysts said that the bourse was more lively than in recent sessions, on renewed hopes that the Bundesbank would not raise rates at its council meeting on August 15, leaving the way free for a cut in French interest rates. These hopes, and strong interim results from German banks, *lifted financials. Suez rose* FFr2.10 to FFr330.10, CCF added FFr4 to FFr152.90 and Bancaire put on FFr10 to FFr500.

A block trade of 370,000 Imetal shares boosted activity. The *stock gained FFr6 to FFr289* after the holding company Parfinance said it had tightened its control of Imetal by buying a 3.2 per cent stake from the investment company Euris.

Media and tourism group Havas was FFr10.10 higher at FFr478.10. Flemings Research issued a positive *recommendation* on the stock last week and another London-based broker is about to issue a favourable report.

MADRID advanced in thin trading, the Madrid general index *closing* 1.85 higher at 271.20 in turnover down from Pta10bn to Pta7bn.

The Treasury's decision to raise one-year T-bill yields from 12.04 to 12.35 per cent had little impact. Brokers said that *the move* was aimed at narrowing the gap between secondary and primary market yields and did not imply a tightening in monetary policy.

Banks, utilities and construction issues advanced. *Banesto* led banks with a Pta180 rise to Pta3,775, Hidrola put on Pta15 to Pta560 in utilities and Cubiertas, in construction, closed Pta810 higher at Pta16,980. On Wednesday, Cubiertas and the engineering company, Entrecanales, took a 21.5 per cent stake Lilley, the UK construction company.

MILAN was again lifted by the banking sector. But turnover was thin, estimated at no more than L65bn after Wednesday's L85bn, *suggesting that* firmer banking shares were due more to sector rotation than to fresh investment. The Comit index rose 4.01 to 577.39.

Banco di Napoli rose L95 to L2,070 while Mediobanca added L280 or 1.7 per cent to L16,000. Banco Ambrosiano Veneto put on L110 to L5,150 on speculation that the insurer Generali could pull out of its shareholder syndicate.

Eridania, the sugar and starch company controlled by Ferruzzi, rose L95 to L7,465. Yesterday the EC approved Eridania's takeover of Industria Saccarifera Italiana.

BRUSSELS was held back by flat interim results from Petrofina. The Bel 20 index rose 1.98 to 1,141.67 in volume of BFr551m. Petrofina accounted for one-third of the total volume as it closed down BFr75 at BFr11,575.

STOCKHOLM overcame a weak opening as Astra again dominated trading, its free B shares adding SKr13 to SKr695. The Affärsvärlden general index rose 6.9 to 1,123.5 in volume of SKr354m after SKr246m.

FT-SE Eurotrack 100 - Aug 1

Hourly changes

Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1113.77	1113.13	1113.76	1114.47	1114.07	1114.75	1114.35	1114.40

Day's High 1115.14 Day's Low 1112.77

Jul 31	Jul 30	Jul 29	Jul 26	Jul 25
1110.04	1107.96	1104.82	1105.03	1111.51

Base value 1000 (26/10/90)

Helsinki makes another tentative recovery

But as Enrique Tessieri explains, short-term problems outweigh long-term prospects

IN SPITE OF appalling interim results from its corporate sector, and disappointment over the decision not to devalue the Finnmark ahead of the Ecu link-up, the Helsinki stock market managed a tentative but sustained recovery over the last 10 trading days of July.

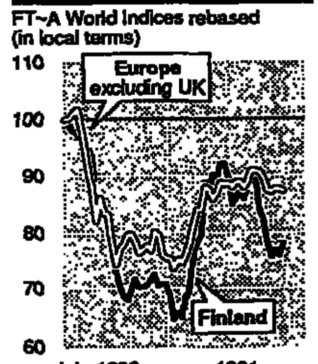
The Hex index, even after a 3.1 points technical decline to 1,023.9 yesterday, shows a gain of 4.9 per cent since July 17. However, with no devaluation in the pipeline, and with company performance expected to be undermined even further by a strong Finnmark during 1991, many observers believe that short-term recovery prospects for the Helsinki market are weaker now than they were in the spring.

Equities have recovered before, and have done so recently. The pegging of the Swedish krona to the Ecu on May 21, and the promise of similar treatment for the Finnmark on June 4, took equities up by some 5 per cent over the next two weeks; but this preceded a 10.4 per cent fall by July 17.

Short-term problems outweigh medium-term prospects. Mr Peter Lawrence, head of Scandinavian research for London brokers James Capel, is *optimistic about 1992; and he* does not believe that the government will go back on its word and devalue the Finnmark this autumn, offering hope to equities.

"It [a devaluation] would rob the government of its monetary credibility," he says. "Since the government does not plan to devalue, it signifies that the recovery of Finnish companies will take longer. We will most likely see a recovery in spring 1992, against this autumn if a devaluation had taken place."

FT–A World Indices rebased (in local terms)



Source: Datastream

The corporate picture is dire. James Capel forecasts a FM3.5bn total of accumulated losses for Finland's major paper companies, and negative earnings for the market as a whole this year.

Mr Timo Ronkainen, a Unitas Securities analyst in Helsinki, is critical about the government's decision to peg the Finnmark to the Ecu. He believes that the decision was purely psychological and that Prime Minister Esko Aho's government still has to convince the market that it plans to push ahead with its austerity policies.

Morgan Stanley, the investment bank, argues that the Finnmark/Ecu decision was a clear indication of the present government's will to integrate with western Europe. It is also said to imply that Finland – like Sweden – is serious about adopting efficient European asset management techniques in future.

After having grown at an impressive rate of around 3 per cent per annum during the 1980s, the Finnish economy is expected to shrink by as much as 4 per cent this year, but grow by between 0.5 and 1.5 per cent in 1992. Part of Finland's severe recession is due to a near-collapse in Finnish-Soviet trade.

One of the few positive indicators in the Finnish economy at this moment is the current account deficit, which the government expects to decline from last year's FM25.5bn to FM19.8bn, accounting for 4.9 and 3.7 per cent of GDP respectively. A trade surplus is also expected for next year and this should reduce the current account deficit further to 3.2 per cent of GDP.

Company profits in 1992 are expected to make a rapid recovery. Meanwhile, Mr Lawrence believes that the country's deep recession is diverting investors' attention from the positive recommendations made last month by a government foreign investment committee.

The committee has recommended lifting all restrictions on foreign ownership of Finnish equities, and plans to scrap the so-called restricted and free share system. It expects this new legislation to be in force at the beginning of 1993.

ASIA PACIFIC

Index-linked buying trims initial decline for Nikkei

Tokyo

SHARES finished mildly easier after a bumpy day that reflected profit-taking and index-linked buying by foreign brokerages, *writes Emiko Terazono in Tokyo.*

The index lost 48.02 to 24,072.73 after opening at the day's high of 24,074.31 and falling to a low of 23,855.83 in the afternoon. Profit-taking and arbitrage-related selling depressed prices, but heavy index-linked buying by two US brokerages helped the market to recoup some of the losses.

Volume shrank to 210m shares from Wednesday's 330m. Declines led rises by 582 to 305, with 218 issues unchanged. The Topix index of all first section stocks shed 6.90 to 1,852.22, and in London the ISE/Nikkei 50 index slipped 3.27 to 1,415.72.

Traders said a fall in futures and firmer short-term interest rates discouraged investors, *but there was little impact* from the second-tier securities companies' disclosure of names of compensated clients.

The list of clients compensated by the 13 second-tier companies were released on Wednesday night. The 13 brokerages said they reimbursed 386 clients a total of Y43.7bn for trading losses incurred until March last year. One individual client was later reported to be the son of a senior politician of the ruling party, which caused some nervousness.

Senior brokerages lost ground, with Nomura weakening Y20 to Y1,830 and Daiwa also Y20 to Y1,310.

Koito, the subsidiary of Toyota, ended unchanged at Y2,370 after hitting a year's low of Y2,300. The issue drew small-lot speculation after Azabbu Buildings, the land and stock speculator and Koito's largest stockholder, announced it would sell its holding to a Swedish investment company.

Stanley Electric climbed Y68 to a high for the year of Y1,000 on reports that the company has developed mass-production technology for large liquid crystal displays.

Nihon Nohyaku, an agrochemical maker and a speculative favourite, fell Y170 to Y1,820 on higher margin requirements by the Tokyo Stock Exchange. The issue has been fluctuating on high margin trading, and Japan Securities Finance also announced that it would not lend stocks for short-selling the issue.

Showa Shell Sekiyu, the oil refiner, rose Y70 to a record Y1,820. Individual investors liked projections that pre-tax profits for the current year are expected to increase 2.1 times. Rumours of an oil industry restructuring also encouraged investors.

In Osaka, the OSE average dipped 83.59 to 26,379.99 on volume of 16.7m shares. Rohm put on Y50 to Y2,940 after a leading research company upward revised its profits forecasts.

Roundup

PACIFIC Rim markets were mostly easier yesterday.

AUSTRALIA closed at its highest level for 12 months, although activity was fairly light ahead of next week's inflation data. The All Ordinaries index rose 5.4 to 1,577.7 in turnover of A$157m, down from A$193m.

NEW ZEALAND rallied after an early fall but still closed lower on the day on a rise in money market rates. The NZSE-40 index lost 2.86 at 1,470.20. Turnover picked up to NZ$16.34m, on mainly arbitrage-related business, from Wednesday's reduced NZ$9.7m.

Carter Holt Harvey fell 6 cents to NZ$1.72 on volume of 1.1m shares. The company issued a prospectus for its one-for-three rights issue which should raise up to NZ$457m. Brierley Investments, which owns 21 per cent of Carter Holt and is underwriting the rights issue, closed steady at NZ$1.10.

MANILA stayed above the key level of 1,000 as the market digested the news of the government's decision to allow the Marcos family to return to the Philippines. The composite index finished at 1,007.74, down 9.41 following turnover of 84.18m pesos, against 102.6m.

HONG KONG saw interest in banks. The Hang Seng index advanced 20.43 to 4,030.01, although turnover dipped to HK$1.32bn from HK$1.40bn. The banking sector was sought on expectations that it would benefit from the property market's strength. Hang Seng Bank rose 75 cents to HK$32.

TAIWAN declined in light trading. The weighted index fell 36.65 to 5,141.41 in turnover of T$25.68bn (T$29.92bn).

SEOUL continued to lose ground. The composite index closed at 714.95, down 2.08, in volume of Won700bn.

KUALA LUMPUR eased in thin trading as recent company interim results gave investors little incentive to make fresh purchases. The composite index shed 1.57 to 600.75 in M$75.2m turnover (M$70.1m).

JAKARTA was weaker but new listings were firm. The index ended 2.55 off at 337.41 after volume of 5m shares.

BANGKOK fell across the board on heavy selling prompted by disappointing second-quarter results. The SET index dropped 17.31 to 711.39 on turnover of Bt3.63bn.

BOMBAY moved ahead to a new peak on end-account trading. The BSE index went as high as 1,677.68 before finishing at 1,649.01, up 16.34.

SOUTH AFRICA

JOHANNESBURG came off the day's highs in thin trading. The industrial index closed 8 higher at 4,093, a new closing high but off the day's peak of 4,099. The all-gold index fell 4 to 1,323. The all-share index fell 3 to 3,488.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JULY 31 1991								TUESDAY JULY 30 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	148.41	+0.2	130.59	128.85	134.64	126.79	+0.4	5.07	148.17	130.72	129.07	134.85	126.34	148.41	112.74	149.53
Austria (20)	174.88	−0.5	153.87	151.84	158.66	158.29	−0.6	1.75	175.78	155.08	153.12	159.98	159.31	222.37	167.00	280.83
Belgium (49)	128.98	+1.0	113.48	111.97	117.01	114.34	+0.6	5.16	127.69	112.65	111.21	116.20	113.67	151.20	121.73	159.70
Canada (115)	139.78	−0.3	122.99	121.35	126.80	116.65	−0.2	3.24	140.25	123.73	122.16	127.63	116.94	142.27	126.49	140.35
Denmark (37)	254.03	+0.6	223.51	220.55	230.46	233.64	+0.6	1.51	252.45	222.72	219.90	229.75	232.36	270.56	217.74	276.40
Finland (16)	99.05	−0.6	87.15	86.00	89.86	87.29	−0.6	2.76	99.60	87.87	86.76	90.65	87.80	125.15	90.00	138.08
France (110)	129.44	+0.4	113.89	112.37	117.42	120.51	+0.0	3.69	128.95	113.77	112.32	117.35	120.46	152.26	120.60	161.88
Germany (65)	107.43	+0.9	94.52	93.28	97.46	97.46	+0.6	2.31	106.44	93.91	92.73	96.87	96.87	125.35	102.03	142.88
Hong Kong (55)	167.78	+0.2	147.62	145.66	152.22	167.13	+0.3	4.15	167.45	147.73	145.85	152.40	166.67	168.75	119.62	144.03
Ireland (19)	155.38	+0.4	136.71	134.90	140.96	143.14	+0.3	3.49	154.76	136.54	134.81	140.85	142.67	182.46	132.88	182.51
Italy (77)	74.93	+1.2	65.93	65.05	67.98	72.88	+0.7	3.21	74.07	65.35	64.52	67.41	72.38	88.23	69.89	107.67
Japan (474)	132.66	+1.0	116.72	115.17	120.36	115.17	+0.7	0.73	131.30	115.84	114.37	119.51	114.37	146.97	118.35	144.38
Malaysia (69)	226.35	+0.0	199.16	196.51	205.35	242.92	−0.1	2.76	226.46	199.79	197.25	206.09	243.06	247.78	192.83	250.80
Mexico (15)	1127.87	+0.5	992.38	979.23	1023.23	3718.57	+0.5	1.46	1121.70	989.60	977.06	1020.84	3698.23	1152.58	534.45	559.29
Netherland (31)	139.18	+0.4	122.46	120.84	126.27	124.92	+0.0	4.29	138.64	122.31	120.76	126.17	124.87	145.73	125.70	148.84
New Zealand (14)	48.22	−0.4	42.43	41.87	43.75	44.81	−0.4	6.79	48.44	42.73	42.19	44.08	44.97	54.64	41.18	66.72
Norway (32)	197.95	+1.6	174.17	171.86	179.59	183.30	+1.4	1.80	194.81	171.87	169.70	177.30	180.80	223.24	182.24	268.91
Singapore (38)	197.17	+0.5	173.48	171.19	178.87	158.42	+0.3	2.16	196.27	173.16	170.96	178.62	158.01	206.25	151.63	207.59
South Africa (61)	244.51	+1.3	215.14	212.28	221.82	174.38	+0.8	3.13	241.36	212.94	210.24	219.65	172.97	258.85	173.00	191.11
Spain (54)	146.87	−0.2	129.23	127.52	133.24	121.78	−0.3	4.44	147.13	129.80	128.16	133.90	122.16	171.12	131.51	179.42
Sweden (27)	191.38	+0.9	168.39	166.17	173.63	179.48	+0.6	2.48	189.76	167.42	165.30	172.71	178.39	204.12	148.60	234.93
Switzerland (58)	93.04	+0.7	81.86	80.78	84.42	87.96	+0.4	2.19	92.43	81.54	80.51	84.13	87.59	100.67	82.17	107.25
United Kingdom (240)	174.13	+0.0	153.21	151.17	157.98	153.21	−0.2	4.79	174.06	153.56	151.60	158.40	153.56	187.44	156.27	175.29
USA (526)	157.15	+0.4	138.27	136.44	142.57	157.15	+0.4	3.08	156.59	138.15	136.40	142.52	156.59	158.24	125.95	143.28
Europe (835)	137.13	+0.4	120.66	119.06	124.41	123.10	+0.1	3.88	136.82	120.53	119.01	124.34	123.00	151.52	125.50	157.15
Nordic (112)	187.05	+0.8	164.58	162.40	169.69	166.96	+0.6	1.96	185.56	163.71	161.63	168.87	165.90	200.61	156.55	223.29
Pacific Basin (718)	133.92	+0.9	117.84	116.28	121.50	116.79	+0.7	1.06	132.67	117.05	115.57	120.74	116.02	145.92	117.86	144.44
Euro – Pacific (1553)	135.53	+0.7	119.25	117.66	122.95	120.12	+0.4	2.21	134.57	118.72	117.21	122.47	119.61	147.66	121.29	150.00
North America (641)	*155.99*	*+0.3*	*137.25*	*135.45*	*141.54*	*154.41*	*+0.3*	*3.09*	*155.50*	*137.18*	*135.46*	*141.54*	*153.92*	*157.04*	*125.91*	*143.00*
Europe Ex. UK (595)	115.17	+0.6	101.33	100.01	104.50	105.77	+0.3	3.16	114.45	100.97	99.71	104.18	105.43	129.80	106.85	144.69
Pacific Ex. Japan (244)	146.41	+0.1	128.82	127.13	132.84	130.76	+0.2	4.30	146.20	128.98	127.37	133.07	130.46	148.58	111.40	144.57
World Ex. US (1745)	137.41	+0.7	120.90	119.31	124.66	121.47	+0.4	2.25	136.46	120.39	118.88	124.20	120.97	148.16	122.32	150.32
World Ex. UK (2031)	140.06	+0.6	123.24	121.61	127.08	130.56	+0.5	2.30	139.19	122.80	121.25	126.69	129.96	145.77	120.06	143.92
World Ex. So. Af. (2210)	142.37	+0.6	125.27	123.62	129.17	132.35	+0.4	2.55	141.58	124.91	123.34	128.86	131.84	148.66	122.92	146.43
World Ex. Japan (1797)	149.89	+0.3	131.89	130.15	136.01	142.26	+0.2	3.42	149.37	131.78	130.12	135.96	141.91	152.83	126.69	149.38
The World Index (2271)	143.04	+0.6	125.85	124.19	129.77	132.71	+0.4	2.56	142.23	125.48	123.90	129.45	132.18	149.01	123.26	148.70

Constituent changes with effect 2/8/91: Deletion:Saab Scania (Sweden). Name changes:Iberduero to Iberdrola(Spain) and Castle & Cook to Dole Food(US).
Latest prices were unavailable for this edition.

RECRUITMENT

JOBS: Readers take distinctly disputatious view of what the reasoning process entails

If you're so clever, now try solving these

ALTHOUGH never one to throw caution to the winds, the Jobs column today returns to a matter last mentioned six weeks ago – namely, IQ-type problems. It should be safe enough because the floods of letters that threatened to turn this bit of the FT into puzzle corner have fallen over the past few days to a mere trickle.

Indeed, it is a good 96 hours since I received even as much as a plea for the answer to the problem that caused the influx, first printed on June 12. As enduring readers may remember, it is an addition sum in which three numbers have been translated into men's names, the top two of them adding up to the third. Each digit from 0 to 9 is always represented by the same letter, and the task is to decode *the letters back into figures.*

```
   GERALD
+  DONALD
=  ROBERT
```

Now with all due respect to the most recent petitioner for the answer to that particular example, he cannot be an enduring reader. For in an early albeit vain attempt to staunch the flood, I in fact printed the solution the very next week. Nevertheless, since others less willing to acknowledge defeat may have missed it too, I am going *to do so again:*

```
   197485
+  526485
=  723970
```

As it happens, I also have another motive for repeating both question and answer. It is to defend myself against a charge brought against me by more than two dozen people who, despite managing to crack the problem as printed, dispute my statement that it entails *the sort of reasoning gauged by* Intelligence Quotient tests.

Even though I offered a clue – that the letter E must represent either 9 or 0 – the disputants all claim the problem does not entail reasoning at all. It is simply a matter, they allege, of trial-and-error drudgery.

One of them, Antony Chapman of Wendover, goes farther by accusing me of removing any reasoning from it by wilfully suppressing a more definite clue that was supplied with the original version of the problem, which he first saw years ago (probably in the *late Sir Frederic Bartlett's book* Thinking, which is where I pinched it from). The clue was that D = 5.

Mr Chapman is right to say I suppressed it. My grounds for doing so were that, in view of previous evidence of the mental powers of this column's readers, it seemed best to avoid making the problem too easy.

But I cannot understand how the omission of that particular clue could have removed the reasoning element from the exercise, or the supply of it done the opposite. *To me, "reasoning" means forming* conclusions by systematically applying rational rules which, in the case of Gerald + Donald are the rules of standard arithmetic.

True, trial-and-error is also involved. But that is surely so in all mental problems except a few of the syllogistic variety which are too simple to be much use, purely in themselves, in real life.

Moreover the trial-and-error process seems inescapable in a couple of similar problems that Anthony Chapman has come up with, even though in both cases definite clues are supplied – as the *Jobs column is going on holiday for* the next three weeks, readers may care to tackle them meanwhile. The first, the clue being R = 4 is:

```
        A
+   MERRY
+    XMAS
= TURKEY
```

The other, in which S = 3, is:

```
    CROSS
+   ROADS
=  DANGER
```

In case those prove too easy, however, one Michael Moloney has produced a poser of another kind.

It seems that three friends had a meal in a cafe, the bill coming to precisely £30. Too mean to give a tip, they each produced a £10 note. When the waiter gave the proceeds to the cafe-owner, he decided that as the three were regular customers, he'd charge them only £25. So he put the £30 in the drawer and handed five £1 coins to the waiter, telling him to give them *back to the diners.*

But having had no tip, he kept two of them for himself, handing the diners just £1 apiece. Hence the problem. Although the three £10 notes originally coughed up made £30, the diners have each received £1 back. Three times £9 is £27, which with the £2 kept by the waiter comes to £29. What has happened to the thirtieth pound?

NOW to the table below which presents yet another puzzle. It is why pay levels in City of London *banks are in all respects so much* higher than in other fields of work in Britain.

As regular readers will know, that is certainly true of the salaries and cash bonuses bankers typically receive. But the figures, drawn from City recruitment consultancy *Jonathan Wren's latest survey* covering 5,400 bank employees in London, indicate that the same goes for fringe benefits as well.

The table shows the value of the various types of perk typically received by staff at four different ages. They are a senior credit analyst or something similar aged 25; a lending officer or the like at 30; a 35-year-old who might be a corporate finance executive; and a deputy chief dealer, perhaps, of 40.

When all types of the City perks are taken together, their value range up from *31.8* per cent to *40.9* per cent of salary. By comparison, the Noble Lowndes consultancy's survey covering managers across British industry and commerce as a whole shows that the perks of all executives, including company chiefs and other directors, have an average value slightly under those of the 25-year-old banker at 31.6 per cent of a salary of £52,294.

RECRUITER Dudley Edmunds of *Kidsons Impey seeks a pair of* senior spot traders as well as two corporate dealers for the London arm of an bank he may not name. He promises to honour requests not to be named to the employer as yet.

The spot pair need success in trading a major currency and knowledge of all European sorts. Salaries up to £100,000 at most, plus bonus and usual perks.

Likewise, except for salaries of £60,000-£80,000, for the corporate brace who need contacts besides success in the European markets, *and linguistic skills.*

Inquiries to 29 Pall Mall, London SW1Y 5LP: tel 071-321 0336, fax 071-976 1116.

Michael Dixon

Age	Basic salary £	Mortgage subsidy £	Company car £	Pension £	Loans £	Medical cover £	Other perks £	*All perks* £	*% of salary*	Total package £
25	25,000	3,750	–	3,500	90	400	210	*7,950*	*31.8*	32,950
30	35,000	5,250	3,600	4,900	110	600	240	*14,700*	*42.0*	49,700
35	45,000	6,000	4,800	6,300	130	900	270	*18,400*	*40.9*	63,400
40	60,000	6,000	6,000	8,400	150	1,300	300	*22,150*	*36.9*	82,150

BANKING FINANCE AND GENERAL APPOINTMENTS

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In 1987 they took a long-term view of the North American market and appointed an overseas marketing manager who has since become a partner. His success and increasing involvement in other aspects of the firm plus the fast growing level of business from the US and Canada through his contacts and recent joint ventures has led to a requirement to recruit a 'No. 2'.

The *role will be to continue to secure* through consultants and direct marketing the management of the international segment of major North American pension funds.

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Being a small life assurance company currently with 400 staff they have grown steadily by capitalising on their ability to react to market opportunities and deliver appropriate products such as pensions, life assurance, unit trusts and PEPS, quickly into their *distribution network.*

To further this, and give even greater market penetration, they wish to recruit a financial services marketing specialist for this new and senior post. Based on an understanding of the technical aspects of current and potential products, the three key tasks of the role will be: to provide an effective research function to identify market and product opportunities, to create and manage an effective corporate marketing strategy, and as a member of the corporate planning committee help shape the ongoing plans of the company.

This is an exciting opportunity to take a lead role in the further development of a young and aggressively growing group, and will attract high calibre marketing professionals whose career clearly demonstrates classic marketing success at a senior level in a financial services environment.

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The PM4 Manager is responsible for the operational aspects of the PM4 paper mill. This includes the production organisation as well as the engineering and technical departments.

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Requirements

This demanding position requires a person who:-

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Candidates should be fluent in written and spoken Czech plus at least one other Eastern European language and/or German, and should also have further professional experience of the international securities market.

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NIKKO

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Berkshire

Our client is a multinational software house and is one of the world's top PC software suppliers. The company has undergone dramatic growth both organically and through acquisition and is now poised to embark on further expansion.

To assist in the achievement of their corporate aims they are seeking to make two appointments at their International Headquarters in Berkshire, both of which will report into the Finance Director.

Financial Planning Manager
c£35k + F/X Car + Profit Share

You will be responsible for evaluating a number of commercial scenarios including potential acquisitions, alternative market strategies, pricing policies, etc. as well as providing a financial planning, reporting and analysis service to all parts of the business. There will be a high degree of liaison with line management both over operational and strategic issues. Ideal candidates will be qualified accountants aged 27-35.

International Tax Manager
c£40k + F/X Car + Profit Share

This autonomous role will involve the formation and implementation of international tax planning strategies including advising on international cash flow issues, business development and acquisitions. You will also be responsible for all UK and European compliance. Candidates capable of fulfilling this role will be qualified accountants with a minimum of three years' PQE in tax, ideally gained in a commercial environment.

The successful candidates for both roles will be able to display commonsense, good business judgement, a sense of humour and have the ability to be a team player. A second language and exposure to an international business environment would also be regarded as advantageous.

There is considerable scope for advancement in the UK and overseas. Interested applicants should write enclosing a comprehensive CV, to Mandy Lawton or John Zafar ACMA at Michael Page Finance, 1 Brocas Street, Eton, Berkshire SL4 6BW.

Michael Page Finance
Specialists in financial recruitment

Finance Director

with Chief Executive potential

London **c£65,000 + Bonus + Car**

Backed by major international FMCG businesses, our client's history is one of accelerated organic growth, achieving market-leader status through strong brand image and high quality service. Current turnover of £170m is generated from 270 sites throughout the UK and the company has aggressive plans to increase its market dominance.

The Finance Director will be a key figure in the company's success, providing strategic financial input to the commercial decision-making process. Immediate responsibilities include the implementation of fully integrated control and reporting systems which will significantly improve the quality of operational financial management within this rapidly changing business.

Aged 32-38, the candidate we seek will be a well rounded business manager with a strong financial track record, who has the potential to succeed the existing Chief Executive in a 2-3 year timescale. Applicants should be academically above average, with a series of outstanding achievements gained in a high calibre retail, FMCG or other marketing led environment. It will be essential to demonstrate the ability to initiate and manage change and to function effectively in a highly competitive environment.

Relocation facilities are available where appropriate and interested applicants should forward a comprehensive CV, quoting Ref: 2645, to Alan Dickinson FCMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH (Tel: 071-831 2000).

Michael Page Finance
Specialists in financial recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

WEST OF LONDON **c £40,000 + CAR**

Finance Manager

This advanced systems organisation is renowned for its expertise in complex technology and contract management. It is a £60 million turnover subsidiary of a major international business that holds a world leading position.

As head of the finance function, the Finance Manager is expected to make a significant contribution to decision making across all business activities and will assist the management team in optimising profit performance. Initial objectives are to support future business development and will include the enhancement of management reporting.

A qualified accountant, you will already have gained experience of managing a sizeable finance function and will have developed skills in information systems and the assessment of commercial issues. Your background should include a working knowledge of the defence industry. Personally, you will combine the credibility to work effectively at a senior level with the willingness to take a shirtsleeves approach to operational detail. The initiative to devise solutions and a firm belief in teamwork are essential.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence, to Adrian Edgell, Coopers & Lybrand Deloitte Executive Resourcing Ltd, 9 Greyfriars Road, Reading RG1 1JG, quoting Ref AE840 on both envelope and letter.

Coopers & Lybrand Deloitte | Executive Resourcing

Robert Half
Financial Recruitment Specialists

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INVITE YOU TO A
FITNESS BREAKFAST

EXERCISE AND EXECUTIVE HEALTH

ESPREE
THE CLUB
AT ROYAL MINT COURT
LONDON EC3

ON THURSDAY 15th AUGUST 1991
8.30AM TO 9.30AM

The talk will be given by Dr. Dan Tunstall Pedoe, the Medical Director of the London Sports & Medical Institute, and will address both personal and corporate fitness and will cover:-

- The physical and psychological benefits of exercise.
- Exercise as part of a healthy lifestyle.
- The effect of staff health on company performance.
- The employer's role in promoting fitness.

Dr. Tunstall Pedoe is a senior lecturer and consultant cardiologist at St. Bartholomews Hospital, Chairman of The British Association of Sport and Medicine and Medical Director of the London Marathon. An author and contributor to various publications on exercise and health, Dr. Tunstall Pedoe also runs marathons.

The Espree Club is a new 28,000 sq. ft. Health and Fitness Club situated close to Tower Bridge and the World Trade Centre. Facilities include:- general exercise centre with extensive cardiovascular and variable resistance equipment, large exercise studio, relaxation pool, health & beauty clinic and café bar.

There will be an opportunity to try out the facilities at the Espree Club either before or after the breakfast.

Please note that places at the breakfast are strictly limited.

If you wish to attend the Fitness Breakfast or you wish to receive a complimentary booklet on "The Benefits of Regular Exercise" contact Rachelle Nelson at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R OBR. (Telephone: 071-836 3545). When writing please indicate whether you will wish to make use of the club's facilities on the day.

Director of Finance Germany

Automotive Components — Package to £55,000 + Car

Our client, a publicly quoted group, is a highly successful British based multi-national whose subsidiary in the West of Germany is now seeking a high calibre Director of Finance.

You will report to the Managing Director and be a key member of the management team with overall responsibility for the finance function incorporating local treasury and taxation requirements. You will also make a major contribution within the EDP function and to the formulation and implementation of the company's future plans and strategy.

You will probably be in your mid 30s, a qualified accountant preferably with a degree or MBA and have worked in a senior financial role with a major multi-national company. You must possess an excellent working knowledge of German, be highly motivated with strong leadership qualities and possess first class technical and interpersonal skills. Experience of working in Germany is essential and familiarity of acquisitions and investigations would be an added advantage. Above all you must have the strength of personality, intelligence and flexibility to succeed in an expanding commercial environment.

This is a key appointment in the important automotive component manufacturing market and is based near a major city in the West of Germany. Career development potential with this prestigious group is excellent.

If you are interested in this appointment, please telephone Stuart Adamson FCA or Graham Marlow on 0532 451212 or send your CV in confidence quoting reference number 769 to Adamson & Partners Ltd, 10 Lisbon Square, Leeds LS1 4LY. Fax number 0532 420802.

ADAMSON & PARTNERS LTD.
Executive Search and Selection

AES
TECHNICAL AND EXECUTIVE CONSULTANTS
30 New Street, Worcester WR1 2DP Tel: (0905) 23444 Fax: (0905) 23393

EUROPEAN GROUP FINANCIAL CONTROLLER

Our client is a well known company with an outstanding reputation internationally, for customer service and quality. Manufacturing a broad range of components, the company services the UK and European heavy truck, military and lift truck markets from three independent companies within the UK with a turnover in excess of £10 million.

Reporting to the head of European operations, the successful candidate will be responsible for managing corporate reporting and consolidation, management accounting and analysis, treasury/corporate finance activities and statutory/taxation requirements.

You will be 30 to 40 years old, fully qualified, ACMA/ACA with a related degree and a minimum of 5 years post qualification experience in manufacturing industries. You will be a flexible self-starter, a team player, and have knowledge of dealing with continental European customers and suppliers.

A competitive package, including bonus opportunity, will be offered to the successful candidate.

Write in confidence to Colin Smith at the address above.

INTERNATIONAL FUND MANAGEMENT

ACCOUNTANT / FINANCIAL CONTROLLER

A newly created and well capitalized London based international fund management company requires a highly skilled individual to create and manage its accounting function.

Reporting to the managing director, you will develop and implement a comprehensive financial control system which will include the selection and implementation of a computerized multi-currency accounting package. This challenging job will also give you opportunities to play a key role in the customer reporting and compliance functions. Clearly, you will play a determining part in managing the development and growth of the financial and accounting functions.

You will be qualified under ACA or CIMA with three to five years proven relevant experience. You will have a clear ability to work and thrive in a small, close knit team, and a major foreign language would be a plus.

A generous compensation package is available for the right candidate.

Write Box A1585, Financial Times,
One Southwark Bridge, London SE1 9HL

Head of Internal Audit

United Arab Emirates — ***Attractive Salary Plus Full Expatriate Benefits***

- *Our client is a major U.A.E. based oil related services company with plans for future expansion*
- *A qualified accountant is required to head up an established Internal Audit Department, to control and develop audit procedures and contribute to the improvement of financial control, reporting and operational procedures within the company. The position reports directly to the General Manager*
- *Applicants must be aged 35-45, and be able to demonstrate a proven and successful track record in auditing computerised systems. Excellent management and organisational skills are essential. Prior Internal Audit experience in oil and oil related services at the senior level would be an advantage*
- *The remuneration package, including full expatriate benefits, will be negotiated at a level to interest candidates already holding senior level internal audit positions*
- *Please send your personal and career details before 15 August 1991 to: Mr Sami Ali, Ernst & Young, Executive Recruitment Division, PO Box 136, Abu Dhabi, United Arab Emirates.*

ERNST & YOUNG

HEAD OF NATIONAL ACCOUNTING

A major firm of international business and financial advisers are seeking an experienced professional to manage and control their treasury, budgeting and financial reporting activities.

This senior position requires excellent management and organisational skills. Close liaison with the Treasury Manager is required to ensure that agreed treasury policy and procedures are adhered to.

Key responsibilities include the preparation of quarterly reports and annual forecasts, co-ordination and management of the annual budgetary process, and producing monthly and quarterly management accounts and forecasts.

An additional responsibility will be to design and develop the firm's internal accounting policies and communicate approved procedures to office controllers and ensure that they are implemented.

Applicants must possess a recognised accountancy qualification with a minimum of 5 years previous experience in senior management within a large organisation. A working knowledge of a Treasury function would be an added advantage.

An excellent salary and benefits are offered for this senior management position.

Please write with full career details, listing separately any companies to whom your application should not be forwarded. All applications will be treated in the strictest confidence.

Mr P Short, BMP Business,
54 Baker Street, London W1M 1DJ.
No telephone enquiries can be accepted.

ULEAC

UNIVERSITY OF LONDON
EXAMINATIONS AND ASSESSMENT COUNCIL
(University of London Examinations Board
and the London East Anglian Group for GCSE)

Finance Director

This challenging new post is in an organisation with an annual turnover in excess of £20 million, which is being formed by the amalgamation of two existing examining bodies. The Finance Director will be expected to play a leading role within the new organisation and be responsible for the provision of financial management and advice on policy at a senior level together with setting up new systems for accounting and financial control.

Applicants for the post should have a relevant accountancy qualification, several years' experience at a senior level in a commercial environment and possess drive, initiative, enthusiasm, good communication skills, and the ability to deal effectively with staff at all levels.

Salary £32,000 per annum plus London Allowance of £2,042 per annum. Subject to annual review.

For further information, please contact Miss J. Slater, Personnel Officer, Stewart House, 32 Russell Square, London WC1B 5DN, telephone 071-331 4004, to whom letters of application together with a curriculum vitae should be returned by 23 August 1991.

Financial Controller

Spain £45-£55,000

Car + incentive package

Madrid base

This company is a wholly owned subsidiary of a U.S. Fortune 500 Group, a world leader in health care and optics with group sales approaching $1.5 billion, with marketing and manufacturing subsidiaries in 25 countries and distributors in another 70.

A senior controller is required to take charge of the Finance and Accounting functions of the company's activities in Spain and Portugal. You will be responsible to the General Manager and have a strong functional line to the European Controller in London. It is essential that candidates:

- hold a recognised accountancy qualification with a good degree;
- *be fluent in Spanish;*
- can demonstrate a successful track record in a similar position in an international group.

This is a real career opportunity with a highly profitable and well managed group having good management development planning as a feature of its HR function.

Please write in confidence with full career and salary details, quoting reference 101 to: **John Hills, Curzon Selection and Search, Shottermill Ponds, Haslemere, Surrey, GU27 3RB. Tel: 0428 651353.**

CURZON Selection and Search

ASA International

International Financial Management

for

Recently Qualified Accountants

THE COMPANY: A leading multinational within the energy sector with an operating revenue in excess of US$ 5bn.

THE POSITIONS: The group operates as a series of autonomous businesses requiring high-calibre management in each location. The first posting is to a divisional finance role and progress is through a 'fast track' career path which links the different businesses and countries within the group.

THE LOCATION: In the UK there are four immediate opportunities in South East & North West England, East Anglia & Scotland. Career progression could lead to appointments in any of the following operational regions; UK, Continental Europe, Africa, North or South America, Australasia, Middle or Far East.

QUALIFICATIONS:
- Qualified accountants aged 25-30 with exposure to the manufacturing sector.
- Commercially aware, good strategic thinkers.
- Languages would be beneficial.
- Energy, drive and good communication skills.

For further details contact:
Paula MacLachlan on 071-353 1244 or write enclosing a CV to: ASA International Ludgate House, 107 Fleet Street, London EC4A 2AB.

ASA International

ACCOUNTANT DUBLIN

Qualified + Retail experience. 25-35 years ideal. £25-30k + car + benefits. CV please to:

Angel International Recruitment, 50 Fleet St, EC4 Y1BE. 071 583 1661

Price Waterhouse

EXECUTIVE SELECTION

Bright young accountant

Inspection department

c£30,000 + car + banking benefits Flexible location

This leading blue chip financial *institution* is a '*household name*' with an extensive nationwide network of offices. To augment the skills and experience of a well *established Inspection team, it* seeks to recruit an ambitious and bright accountant, who will be responsible for managing a small team on a variety of investigation and audit related assignments.

With managerial responsibility for planning, execution and follow up, you will be expected to ensure compliance with procedures and controls and suggest improvements *to service. Emphasis is* placed on quality of work and technical competence; and career progression, either within the department or *elsewhere in the company, is* available to the successful candidate.

Personal attributes such as strong management and communication *skills* and *the ability to get* on with others at all levels are of paramount importance. In addition, candidates will be Chartered Accountants and are likely to have been 'Big 6' trained with, ideally, some exposure to financial service sector clients. A significant proportion of time will be spent working away from home and thus location is unlikely to be an issue.

Candidates wishing to be *considered for this position* should write, including full career and salary details, and quoting reference G/1171 to Susan Ryder
Executive Selection Division
Price Waterhouse
Management Consultants
Milton Gate, 1 Moor Lane
London EC2Y 9PB.
Telephone: 071 939 6343.

Personal Tax Partner/Designate

Dublin £ high

Our client, a major firm of Chartered Accountants, is keen to maintain the rapid growth of its Tax Department. Consequently, an outstanding opportunity has been identified for a top quality Income Tax specialist to join the team at Partner or Partner Designate level.

The successful candidate, demonstrating a first class record of achievement and with an absolute minimum of 5 years relevant experience, is likely to be aged 35-45 and may be either an Accountant, Lawyer or AITI qualified. Whilst excellent technical skills are a pre-requisite, of equal importance are the personality, creativity and drive to take a lead role in management and practice development.

To apply, or for further information, please telephone Martin Purrier ACA on 071 836 9501 or write to him, enclosing a CV, at Douglas Llambias Associates Limited, 410 Strand, London WC2R 0NS. All enquiries will be treated in the strictest confidence.

BIRMINGHAM 021-233 4421
EDINBURGH 031-225 7744
GLASGOW 041-226 3101

DLA LLAMBIAS TAX

LEEDS 0532 342966
LONDON 071-836 9501
MANCHESTER 061-236 1553

RECRUITMENT CONSULTANTS

GROUP FINANCIAL CONTROLLER

LONDON

£45,000 + Car

Having clearly established itself as a pre-eminent *organisation in a number of distinct marketing and* communications sectors, this highly innovative and creative US Group is now poised to further compound on its achievements to date.

An integral part of its development plans is the appointment of a Group Financial Controller to be based at the European Head Office in London.

As a newly created position, the selected candidate will be expected to take full responsibility for the production and *analysis of both management and financial reporting* as well as the provision of a full forecasting and budgeting process.

In addition to this, an important emphasis will be placed on the implementation and development of key financial controls and sophisticated computer *systems to enable* management to closely monitor operations throughout the Group.

As an ambitious qualified accountant aged in your late 20's to early 30's, you should be able to demonstrate first class communication skills, allied to a strong technical background, including exposure to US GAAP reporting, gained ideally from either a marketing or business services environment.

This is a high profile position offering outstanding opportunities for frontline business exposure and career development in a large and diversified Group of Companies.

To discuss this position in greater detail, please contact ***Charles Austin on 071 629 4463*** *(daytime),* ***0234 262195*** *(evenings). Alternatively, you can write to him, enclosing a full CV and quoting reference CA320, at the address below.*

HARRISON WILLIS
EXECUTIVE SEARCH & SELECTION
39-40 Albemarle St., London W1X 3FD. Tel: 071-629 4463
LONDON · READING · GUILDFORD · ST ALBANS · BRISTOL

FMS

RECRUITMENT CONSULTANT - FINANCE

CITY

AGE 28-35 YEARS

c. £NEG.

FMS is pleased to announce that it has become a Division of the Reuter Simkin Group. The Division's expansion plans necessitate the recruitment of several individuals.

We are now seeking experienced Consultants who can:

- Rapidly assume responsibility for all types of assignment.
- Develop new contacts and service existing clients.
- Bring new ideas to the expanding product and service range.

Excellent career opportunities exist within the Group.

The ideal candidates will be graduates with Accounting qualifications and previous experience in recruitment.

Please write sending a recent CV to Karen Wilson BA ACMA at FMS, 5 Bream's Buildings, Chancery Lane, London EC4A 1DY.

REUTER SIMKIN

MANAGEMENT ACCOUNTANT

LONDON E15 **C. £30,000 p.a.**

Tubular Edgington Group Plc requires a commercially-minded Accountant.

We are a diverse Group in the exhibition contracting industry and a minimum 2-3 years experience of contract costing and financial control is essential for this position. The successful candidate will be qualified (CIMA, ICAEW or CACA) and will report directly to the Group Financial Controller.

The position offers an attractive remuneration package which includes company car, contributory pension and share option participation.

Please write with a comprehensive CV to
Douglas Parkhill, Group Financial Controller,
Tubular Edgington Group Plc,
30 Marshgate Lane, London E15 OAB

CAREER CHOICE 1991

Whether you need one graduate or a hundred you will be after the best prospects, and your best prospect for reaching them is by advertising in the Financial Times Career Choice Guide. The chances of you attracting the best candidates this year are not better simply because there will be more graduates chasing less jobs.

The fact is, the best prepared prospects will still choose the jobs and companies they want, *rather than the other way round.*

"Career Choice" - the F.T.'s guide for final year undergrads, is an important part of the preparation. Over 100,000 copies of the guide (one for every finalyear student) will be distributed on Campus in October. It is also in the F.T. on October 17th so that parents can also ensure it reaches the right audience.

For synopsis and rate card call
Richard Jones on 071-873 3460 or
fax 071-873 3065

FINANCIAL TIMES

AUDIT MANAGER

London **c £38,000 + car + bonus**

Our client is a truly global services group with especially strong links in all the major financial centres of the world. The international divisions employ in excess of 6,000 people and conduct business in a wide diversity of financially related products.

An aggressive period of *expansion is currently taking place in the Life Assurance market* and this is particularly evident in the Far East.

As a result of this very rapid growth our client has recognised a need to strengthen the existing Operational Audit Function at a senior level. Working from a London base the successful applicant will be responsible for European and Far Eastern audits with special reference to the Life Assurance activities. Travel will be in practice about 40% and spread wherever possible throughout the year. Asia, Europe and the USA will be amongst the locations to be visited.

Applicants should be either graduate Chartered Accountants aged 28-40 years whose post qualification experience has included at least two years in L.A. related audit or be specialist senior L.A. auditors currently working with a well known group. Foreign language skills will be an advantage. Respected communicating skills will be essential.

Applicants are invited in the first instance to contact Hugo Hunt, by telephone, at the Fleet Partnership. Weekends or evenings please telephone 081-879 7717.

the fleet partnership

Financial Recruitment Consultants
37/41 Bedford Row, London WC1R 4JH
Telephone 071-831 1101 • Fax 071-831 4204